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The World's Daily Newspaper

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If U.S. Looks Inward, Then Who's to Blame?

Setbacks for Clinton Raise Concern

By Brian Knowlton International Herald Tribune

WASHINGTON - Are Americans turning their backs on the world, as President Bill Clinton recently suggested? Has the "indispensable power," in Mr. Clinton's words, lost interest in the world beyond its front yard? Is Congress partly responsible for this growing self-absorption? Does Mr. Clinton share in the blame? What do the people want?

For a president who appears to be able to ride out any storm at home. and for a country at the peak of its global power, a series of foreign-

First of two articles.

policy body blows to the Clinton administration has left many observers abroad unsettled. For some, U.S. world leadership is unsure and un-The president was stunned when he

failed to secure "fast-track" authority to negotiate trade agreements, with liberal members of his own party deserting him. He was disturbed when payment of back United Nations dues was blocked by an abortion controversy in a maneuver the White House called "utterly boneheaded." And he was embarrassed by his administration's inability to gain approval from Congress for new funds for the International Monetary Fund to contain the Asian financial tem-

cern," Treasury Secretary Robert Ru-bin said in April, "that public support for forward-looking international

economic policies may be waning at a time when this country's economic, national security and geopolitical in-

terests require just the opposite."
That foreign policy has eased its grip on the public imagination and on many in Congress seems self-evident. No gun is pointed at Americans' heads, which is to say there is no clear foreign threat. IMF funding, even to stave off an Asian "contagion," does not focus attention the way Soviet missiles in Cuba did.

The bipartisan internationalist coalition that was vital to President Harry Truman and his successors has fractured. A bill like the one to fund the IMF probably would have gotten 60 to 70 more votes during the Cold War than now, a congressman estimated. Debates were simpler; there were fewer detours into unrelated issues like

Pressure builds for House action on funds for IMF. Page 3.

abortion, which has become entangled in both the IMF and UN

With the public's attention drifting, Congress appears less deferential to the president's foreign-policy leadership, and increasingly nationalistic. The president has called the economy his main priority and, his detractors say, focuses on foreign policy only when an impending summit meeting or foreign crisis requires it. By default, vocal interest groups sometimes dominate discussions.

See POLICY, Page 10

"I am deeply concerned, and I know the president shares this con-"We're seeing a retreat of lead-ership opinion," said Karlyn Bow-

NATO, Near the Brink, 'Gets Uneasy on Kosovo

By William Drozdiak Washington Post Service

BERLIN — Despite much saber-rattling, Western powers are wrestling with serious doubts about the feasibility of outside military intervention to halt Yugoslavia's brutal crackdown on eth-

nic Albanians in Kosovo Province, American and -European officials said NEWS Wednesday.

After an impressive ANALYSIS display of air power Monday, in which 83 planes from 13 NATO countries darted through the skies above Albania and Macedonia, the world's most powerful military alliance now seems in a quandary about what to do next in coping with Europe's gravest security crisis since the 1992-95 Bosnian civil war.

Several governments, including those of France, Italy, Denmark and Germany, have declared that they will not approve the use of force by the NATO alliance without a United Na-

tions mandate. Britain has circulated a resolution endorsing "all necessary means" to be used to stop the bloodshed, but its prospects seem dubious because Russia and China — two of five permanent UN Security Council members — have vowed to veto any transgression against

Yugoslavia's sovereignty.
Senior NATO officials say many countries are reluctant to use force without UN approval because it could set a precedent that might be used to justify uture aggression.

They cite such hypothetical examples as Russia's taking military action against former Soviet republics or the seizure of contested islands in the Aegean Sea by Greece or Turkey.

"If NATO breaks that rule today, others will do the same tomorrow," said Foreign Minister Hubert Vedrine of

His German counterpart, Klaus Kinkel, contends there must be "an explicit and unassailable legal basis'' to proceed with any allied military operation in Yugoslavia.

Even the Clinton administration, which insisted on the threat of military force to back up diplomatic initiatives over Kosovo, has toned down its rhet-

See NATO, Page 10

2 Old Friends Went to War

Ethiopian and Eritrean Leaders Aren't Sure Why

By Karl Vick Washington Post Service

BADAME, Eritrea -- On the near ridge, dug in along either side of a Soviet-made tank, are the forces of Eritrea, a spanking new nation that two months ago was still being hailed the world over for putting its energies into development instead of war.

On the far ridge, where the percussive thump of mortar fire now rises, is the of Eritrea. army of Ethiopia, an ancient country that until recently was another prime example of President Bill Chinton's "African renaissance."

And between the two ridges lie three

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miles of what has brought two of America's favorites to lethal blows—a dusty terrain of termite mounds, goat herds and bushes just tall enough for a camel to graze upon comfortably.

How the two old friends got into a war over this strip of land remains a mystery even to the men who started it, they

say.
"It's very difficult to easily find an answer," said President Issaias Afwerki

Prime Minister Meles Zenawi of Ethiopia said, "I was surprised, shocked, puzzled."

If the two sides fail to figure it out, the last remaining island of stability in the Horn of Africa will be Djibouti, a former French colony the size of New Jersey. Somalia, with no central goverument, is ruled in sections by warlords. And the vast Sudan, which the United States has dubbed a terrorist state, is under assault by rebels the Clinton administration has encouraged by sending such "nonlethal" military aid as radios and combat boots by way of adjoining states, including Ethiopia and

But now they are fighting each oth-

Some of the damage was stanched Monday when both sides heeded Mr.

See ERITREA, Page 10

U.S. and Japan Join to Bolster Yen

Global Stock Markets Soar After Surprise Currency Intervention

By Brian Knowlton

WASHINGTON — The United States and Japan joined forces for a coordinated surprise intervention Wednesday to prop up the yen, sending stock markets soaring in the United States and Europe on hopes that a dramatic worsening in the Asian financial crisis might be averted.

"The United States and Japan are prepared to continue to cooperate in currency markets," said the White House spokesman, Michael McCurry.

The move, which underscored the severity of con-cerns over the Asian crisis, followed a late-night phone call in which Prime Minister Ryutaro Hashimoto promised President Bill Clinton that Japan would peed up reforms aimed at reviving its economy, now officially in recession.

"I am encouraged by what the prime minister said

Israeli Court Jails 2 Teenagers in Slaying of Palestinian

last night, and heartened," Mr. Clinton said Wednesday. "We're doing the right thing, and I think the

prime minister of Japan is doing the right thing."

The statement came a day before a hastily arranged visit by the U.S. deputy Treasury secretary, Lawrence Summers, to Tokyo for talks on the crisis with his Japanese counterparts. On Sunday, the U.S. delegation he heads will take part in a broader meeting of finance officials from the Group of Seven industrialized nations and from Asian nations.

The United States and Japan were under sharp pressure from China. Beijing had made known its dis-comfort with the slide in the yen, and was thought to be considering a devaluation of its own currency if the dollar rose to 150 yen.

The Federal Reserve Bank of New York, acting on behalf of the Treasury Department, spent an estimated \$2 billion to buy yen. That sent the dollar down sharply against the Japanese currency.

The dollar fell to 136.950 yen at 4 P.M. on Wednesday from 143.275 yen on Tuesday, a drop of 4 percent. Last week, the yen hit eight-year lows against

The show of U.S. determination gave markets a major lift. The Dow Jones industrial average, which had fallen 207 points Monday largely on fears of a spreading Asian crisis, rebounded, and closed 164.17

points higher on Wednesday. (Page 11) With the dollar lower, bond prices fell more than a point, taking the yield on the benchmark 30-year Treasury bond to 5.74 percent from 5.64 percent on

In Europe, major indexes of German, British and French stocks posted strong gains of about 2 percent. Asian markets were mixed, with Japan's Nikkei closing lower, but Hong Kong, Malaysian and

See MARKETS, Page 17

U.S. Growth to Slow

Many forecasters believe that U.S. growth is about to slow because of the turmoil in Asia, labor shortages and a rise in inventories. • As markets gyrate, some fund managers turn off the "market noise" and take the long view. Page 11.

China Plays Own Card in **G-7 Fashion**

By Alan Friedman

ROME - The concerted action on Wednesday to bolster the Japanese yen was driven by more than just fears in Washington and Tokyo about a new and dangerous phase of the Asian financial

It was also the result of behind-thescenes pressure from China, which used the implicit threat of devaluing its own economic stage, according to Western bankers who have been in close contact with senior Chinese officials.

In doing so, these sources say, China, the second biggest economy in Asia, demonstrated the kind of global financial clout that has been forecast in the past but rarely seen in action.

"I think that the Chinese have basically catapulted themselves into the Group of Seven circle," said Kenneth Courtis, a senior economist at the Tokyo office of Deutsche Bank who met in Beijing recently with very senior Chinese officials. "This is the first time China has injected itself into a key issue facing the world economy, and it is acting like a member of the G-7."

In political terms, Mr. Courtis said, "China forced Washington's hand on the eve of President Clinton's visit to Beijing next week."

In recent days, while earning praise for restating its public pledge not to devalue its own currency, Beijing also sent a number of veiled warnings to the White House and the U.S. Treasury.

The message, according to two Western bankers who have been in touch

with the Chinese leadership, was that

See CHINA, Page 17

U.K. Inflation **Creates Risk** Of Recession

By Tom Buerkie onal Herald Tribune

LONDON - After enjoying the strongest growth rate in Europe for nearly five years, Britain is facing a growing risk of recession because of a return of the country's longtime economic nemesis — inflation. The government on Wednesday re-

ported a fresh surge in workers' earnings, raising fears of an inflationary spiral, even as unemployment rose for the first time in two years.

The data came one day after a re-ported rise in inflation to a six-year high of 4.2 percent in May, and increased the chances that the Bank of England will raise interest rates in the weeks ahead,

"Rates are going up," said Michael Saunders, an economist at Salomon Smith Barney. He predicted a "pretty bumpy" landing for the economy as higher rates cause consumers and busi-nesses to tighten their belts and push the economy close to or into recession.

'Unless unemployment rises considerably, we're going to overshoot the inflation target," said Ian Amstad, an economist at BT Alex Brown.

While no one is predicting a repeat of

See BRITAIN, Page 10

AGENDA

Two Israeli settlers being taken to court in Jerusalem on Wednesday to face charges of killing a Palestinian on a West Bank roadside. They allegedly hit him with a wooden pole as they passed by in a van. Page 10.

tion-year appeal to the Republican

code — except Social Security payroll

taxes — on Dec. 31, 2002, so long as

The bill would eliminate the tax

Party's anti-tax wing.

U.S. House Moves to Scrap Tax Code

WASHINGTON (AP) - The crats angrily denounced it as an elec-House passed a measure Wednesday to abolish the income tax code by the year 2003 so long as Congress approves a simplified replacement tax system in the meantime. The vote was

do his best to defeat it. Other Demo-

Congress passed a simplified replace-President Bill Clinton strongly op-posed the measure and said he would ment system by July 4, 2002. The type of new tax code will be left to Congress to decide.

Déjà Vu for Austria In Draw With Chile

Austria and Chile had different reactions Wednesday after they drew, 1-1, in World Cup Group B in Saint-Etienne, France. Austria equalized when Ivica Vastic

scored in the dying seconds. It has also gained a draw in its first match with a last-minute goal. "All we can do in these situations is

to keep on plugging away and in the end it paid off," said Vastic. In its previous match, Chile led Italy with five minutes to play when Roberto Baggio scored with a con-troversial penalty kick.

Nelson Acosta, the Chilean coach, said: "I do not know what to say, why we have to suffer through things like this. I do not know what happened, can't explain it." Page 20.

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Michael Konsel, Austria's goalie, failing to stop a shot by Marcelo Salas crossing the goal line. It was the Chilean's third goal of the World Cup.

Amid Asian Crisis, Mahathir Holds On

By Michael Richardson International Herald Tribune

KUALA LUMPUR — East Asia's upheaval has already toppled governments in Thailand, South Korea and Indonesia, and the question now being asked with increasing frequency in Malaysia is whether Prime Minister Mahathir bin Mohamad will also have to take responsibility for a looming re-

cession and hand over power.

The political future of Mr. Mahathir, who has been prime minister for 17 years and is now the region's longest-serving

head of government, will be in the spotlight Thursday when the country's main political party, the United Malays National Organization, which he heads,

opens its annual general assembly.

Although he is 73, Mr. Mahathir shows no sign of being prepared to step down. Indeed, he said recently that he would not leave power while the econ-omy was in trouble. Few analysts expect any serious move to push him out during the four-day meeting of the party, known as UMNO.

"The economic situation in Malaysia is hardly as serious as in Indonesia, while

in a much stronger position than Suharto was, and he's unlikely to quit." Unlike Mr. Suharto, who was anointed as president every five years by an electoral college he controlled, the Malaysian leader is chosen in sometimes hotly contested party elections after winning a seat in Parliament in general elections. Still, Indonesia's political revolution, and moves there to root out the cor-

politics in Malaysia are seen as more

democratic," said Jomo Sundran, a Malaysian economist. "Dr. Mahathir is

The Dollar

136.95

1,106.55

Wednesday 9 4 P.M. previous close

Wednesday close percent change

Wednesday close percent change

143.275

1.6515

+ 1.81%

See MALAYSIA, Page 10

Catching Up With the Boys - and Their Bad Habits

By Barbara Vobejda and Linda Perlstein
Washington Post Service

ASHINGTON — A generation after a great rethinking of male and female roles in the United States and the forces that classify children by their sex, the results are in: American girls are behaving more like boys - and it isn't always a pretty picture.

Set

Girls have virtually caught up with boys in math performance and have closed the gap considerably in science. But they are now smoking, drinking and using drugs as often as boys their age. Though they are not nearly as violent as boys, girls are increasingly more likely to find their way into trouble with the law.

A status report released this week by a consortium of universities and research centers describes American girls as a population stepping out of many traditional stereotypes that have defined girls for generations. That, it is becoming clear, can be both good and bad.

"Adolescent girls are getting more of a sense of entitlement in healthy ways and feeling bolder, but some may be acting this out in ways that are not so healthy," said Lynn Phillips, author of "The Girls Report," which compiled the most recent research on girls from hundreds of academic and government sources. "There are ways we want girls to catch up with boys, but there are also ways we want boys to catch up with

Much attention has been paid recently to the social pressures on the American male to seek out his feminine side - to become more sensitive, nurturing and in touch with his emo-

By contrast, many sociologists expected the blurring lines to be an easy and liberating transition for girls. But the report suggests that their transition has not necessarily been a smooth psychological journey.

Some of the progress girls have made results from public policies and private efforts — to enhance math, science and sports programs for girls, for example. But more subtle social pressures also have had an effect, pushing girls to follow the less desirable patterns set by boys in

Although 13 percent of eighth-grade girls (about 14 years old) reported smoking in 1991, the report shows, 21 percent were smoking in 1996, a faster increase than that for boys. Nearly



17 percent of eighth-grade girls used marijuana in 1996, compared with slightly more than 5 percent in 1991.

In its report, the National Council for Research on Women dealt with girls of elementaryschool age through college. Among its findings were: While girls are still less likely than boys to be arrested for violent crimes, the rate at which they are being arrested for these crimes increased faster than that for boys between 1986 and

IRLS participate in a wider range of sports and exercise more than ever, but they still lag far behind boys. A federal study found that the percentage of high school sophomore girls participating in sports declined from 46 percent in 1980 to 41 percent a decade later, while male participation remained

After years of concern about girls trailing boys in math performance, a 1996 test administered by the U.S. Department of Education found no significant differences between average scores for eighth- and 12th-grade girls and boys.

In science, girls perform about as well as boys until the 12th grade, when boys average scores pull ahead and more boys excel in science. "Teaching SMART," a program in Rapid

City, South Dakota, was cited in the report as a model for helping girls in math and science. Developed as a way to better train teachers to engage girls, the program offers several simple techniques: Teachers should wait five seconds after asking a question before calling on a student to answer. The boys' hands typically shoot up immediately, but gradually, the teachers are likely to see more girls raise their hands.

The teachers are told to organize students in groups more often, because girls tend to thrive when they can cooperate. Teachers learn that they cannot let the students decide each time who should lead and who should record the results. Experience shows that the girls will almost

always end up recording because they have nicer handwriting, said Pat Jonus, a project specialist for the program, which grew out of a similar effort by Girls Incorporated, a national orga-

to carry out a series of protests

last Friday of the national elec-

restrained in putting them

down, marking a major

change from the wanton bru-

tality of the Abacha years.
With the threat of strife de-

fused. General Abubakar then

freed the former head of state,

the retired General Olusegun

Obasanjo, and seven other

prominent prisoners, buying

him international praise and a

more sympathetic attitude

important political prisoner is

Chief Abiola, the jailed pres-

idential candidate. And ulti-

judgment of General Abuba-

kar will depend on his han-dling of Chief Abiola, whose

claim to the presidency is

Whatever the opposition

itary to simply surrender power to Chief Abiola. For

one thing, Nigeria's military

high command is dominated

by northerners, including the

new head of state himself.

who after years of control are

wary of an outright takeover

and even beyond, no credible

elections in Nigeria can be

cellation of Chief Abiola's

Regional and ethnic antag-

Still, for many in the south,

by southerners.

By far the country's most

from the opposition.

One of the projects she has encouraged is

called "Take Apart." Students bring in broken appliances and dismantle them. Since the boys often have more experience with electricity. teachers are told to group the girls separately from the boys.

'That eliminates the boys taking over and empowers the girls to solve it on their own," Ms. Jonus said.

Although much of what the new report documents are the problems that face girls, it also challenges many popular stereotypes. It questions, for example, the notion that adolescent girls are doomed to go through a period of low self-esteem or that the teenage years are inevitably filled with anger and stress.

It also makes clear that, despite their convergence with boys on some measures, in many important ways, girls remain very different.

HEY are twice as likely as boys to be depressed, for example. Also, a federal survey of high school students found that 34 percent of girls see themselves as overweight, compared with 22 percent of boys. Nearly two out of three of the girls were at-

tempting to lose weight.

Ruth Newlin of the American Lung Association said girls regularly use smoking to control their weight. She blames the increase in girls' smoking in part on increasingly aggressive marketing.

The American Lung Association has found

that girls who smoke are likely to be confident and socially skilled and smoke when they are depressed, whereas boys who smoke tend to be more insecure and smoke when they are feeling

When girls try to quit, they are more likely than boys to report dependence on cigarettes and intense withdrawal symptoms.

Racial differences among girls are important in many instances. Black girls, for example, have more positive perceptions of their own bodies than do white and Hispanic girls. Black girls are less likely to smoke than girls of other races or black boys.

The report also found that girls are frequently the victims of violent crime. It cited studies estimating that from one-fourth to one-third of girls are sexually victimized by the time they finish high school. That includes a range of experiences from rape to sexual harassment. Nearly two-thirds of rape victims are under 17 years old, the report said.

TRAVEL UPDATE

Investigator Capitol Hill Fig Contradicts | Populations of the Republicans of the Republicans Findings in Ski-Lift Case

By Steve Vogel Washington Post Service

CAMP LEJEUNE, North Carolina A Marine officer who participated in the investigation of the fatal accident in which a Marine jet sliced through a gondola cable in the Italian Alps appears to have contradicted some findings of the inquiry, testifying that he had found no evidence that the American crew was deliberately flying low.
The officer, Colonel Thomas Blick

ensderfer, also suggested that the official investigation in the accident Fea: 3, in which all 20 passengers in the gondola were killed was subjected to outside pressure, including daily phone calls from high-ranking military offi-cials. "We certainly had more help than we needed," he said.

The testimony Tuesday was used by defense attorneys to call the investigation a "rush to judgment" that unfairly implicated the four Marine aviators.

The proceedings concluded the hearing into whether the pilot of the aucraft. Captain Richard Ashby, and the navigator, Captain Joseph Schweitzer, should be court-martialed. The two officers in the rear cockpit, Captain Wil-liam Raney and Captain Chandler Seagraves, faced a similar hearing last month and are awaiting a ruling from the hearing officer, Lieutenant Colonel Ronald Rodgers.
Colonel Rodgers is expected to issue

a recommendation this summer. All four crew members are charged with involuntary manslaughter and negligent homicide, and face life in prison if convicted on all counts.

In closing statements, defense attorneys said that U.S. officials short-circuited a customary inquiry by a Marine mishap board in order to establish an J open investigation more acceptable to Italy. The attorneys said U.S. officials feared that the mishap board, which would have operated in secrecy and kept the information it gathered as privileged, would further inflame Italiananger and suspicion over the accident.

The Marine Corps, in bowing to international pressures, is more interested in political expediency right now than safety," said Frank Spinner, Captain Ashby's attorney.

"You're right — there has been in-ternational pressure," retorted Major Vernon Couch, a Marine prosecutor, who recited the list of 20 Italian, German, Polish, Belgian and Dutch victims: "That's the international pressure that's present here:"

Colonel Blickensderfer was one offour officers who signed a Command Investigation Board report that foundthe accident was caused by air crew error. But he said Tuesday that he did not believe Captain Ashby and his crew were deliberately "flat-hatting," military slang for flying too fast and too low in order to show off.

"They absolutely were not flat-hat-ting, in my opinion," Colonel Blick-ensderfer said. "They were out prac-ticing their low-level skills."

Major Carol Joyce, the chief prosecutor, challenged Colonel Blickens derfer's testimony, asking why he have signed the report that states that "the cable strike was not a one-time altitude miscalculation because the mishap aircraft flew lower and faster whenever the terrain permitted."

Nigerian Leader Moves on Reform

By Howard W. French New York Times Service

torship. After -General

was long reputed to be a prim professional among politicized and immensely rich generals.

With his order Monday to release a core group of the country's political prisoners, General Abubakar had no diincluding an internationally rect command over the mechrespected former head of anized units that typically destate, General Abubakar sent termine who holds or takes the first clear signal of his intention to bring about an overhaul in the way his coun- state had none of the huge try is run. And, more than personal wealth of his prethat, he conveyed a sense of urgency in the matter.

sition is precarious. Western contracts to other officers, sidiplomats and Nigerian analysts say he has decided to purchasing staff loyalty.

move decisively and not wait On the other side, Nigermove decisively and not wait to consolidate his power. To ia's large and well-developed delay, they say, would risk opposition was emboldened falling victim to powerful enemies at opposite extremes of his country's no-holds-barred

choice but to move forward if

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country and protect himself," said a Western diplomat. "To have postponed making difficult decisions about democnamed last week to succeed the issue of a transition to General Sani Abacha, after civilian rule, would have the military ruler died of a been to play the game of his heart attack, Nigerians began enemies. The army would speculating whether a re- have devoured him itself, and formist era might be at hand failing that there would have uprising.

> Abubakar faces his own army, an institution whose top officers have grown fat on years Nigeria's of power, and many of whose younger leaders have risen ing their turn at the trough. As army chief of staff,

power in the country. decessors, having avoided the gency in the matter. kinds of army jobs that allow top brass to dole out lucrative phoning off kickbacks and

by the death of General Abacha, who had a reputation as the most iron-fisted leader his country of 105 million

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'General Abubakar had no people had ever known. And because General Abahe wanted to salvage his cha and his military prede-

flouted their pledges to restore democracy or arrange transitions to civilian rule, Abdulsalam Abubakar was racy and prisoners, or to defer General Abubakar could promise little that would after the apparent victory of make a dent in the distrust of a Chief Abiola, a millionaire hardened political class. For many veterans of Ni- try's south. geria's democracy move-

ment, the only politically ac- cancel Friday's demonstraafter years of ruinous dicta- been a major risk of a civilian ceptable tactic is to confront tions were ignored, but sethe army head on, and with curity forces were relatively On one side, General the army divided, they feel the future is now. People both inside and out-

side the army say that General Abubakar's best hope — and decisive test — of engineering through the ranks while await- a viable transition toward civilian rule is to work with the perceived winner of the country's only previous democratic elections, in 1993. Moshood Abiola was widely believed to have won the election and was imprisoned by General Aba-Moreover, the new head of cha after declaring himself president In an arrangement that

would recall for many the re- mately, the opposition and lease of Nelson Mandela much of the outside world's from a South African prison in 1990, this scenario goes, General Abubakar would involve Chief Abiola in negotiations aimed at easing the considered by most to be lemilitary out of power, much gitimate. as Mr. Mandela helped negotiate a soft landing for demands now, almost no one South Africa's apartheid re- in Nigeria expects the mil-

It is too early to say whether this hope will come about in Nigeria. General Abubakar's first

gesture upon taking power in an unusual post-midnight swearing in ceremony, less than 24 hours after General Abacha's death, was to commit himself to his predecessor's previously declared but widely discounted dead- organized until the nation line for an Oct. 1 handover to comes to terms with the canan elected civilian govern-

Analysts of the Nigerian military say that this pledge was intended more as a bid to onisms like these could scuttle was intended more as a bid to any negotiated arrangements outflank the army, whose with Chief Abiola. But for powerful factions are known now many Nigerians suspect to be opposed to any demo- that discussions may already cratic change, than an effort be under way to secure his to placate a deeply skeptical release in a negotiated framework, providing him some recivilian opposition.

The new leader's second cognition and perhaps a large hurdle, the analysts say, was to role in transitional arrangeprevent a showdown between ments.

U.K. Electric Trains region, but altogether some 30 percent of trains did not start today." Krzysztof Supa, who heads the rail-

Inspected After Crash LONDON (Reuters) — Britain's

tions that the military annulled main East Coast rail line sidelined its entire fleet of high-speed electric trains Wednesday, one day after a cracked wheel derailed a train.

Great North Eastern Railways said it businessman from the coun-Calls to the opposition to

would carry out urgent safety checks on its 31 electric trains after an InterCity express derailed Tuesday in Bedford- Portugal Port Strike e, north of London. The company said it would run a

reduced service with eight high-speed diesel trains and apologized to passengers for the severe delays. The line operates trains between London and the northeast and Scotland, carrying some 30,000 passengers a day.

Poland Rail Slowdown

WARSAW (Reuters) - A strike by engine drivers halted about 30 percent of trains across Poland on Wednesday and disrupted transport in almost half of the country's railway network, Polish State Railways said.

was difficult in the southern Katowice and Krakow regions, central Lodz and northeastern Bialystok.

road's PKP's crisis committee.

LISBON (Reuters) — Portuguese port pilots began a two-day strike that will last until Friday to press for wage increases, a union spokesman said Wed-

"The situation differs from region to

Mr. Supa said that the northern

Gdansk province was among the worst

hit by the protest and that the situation

nesday.
"We are on strike because we want to negotiate with the government on its wages offer," said Bettencourt Picanco, the spokesman.

He said the government had refused to discuss with the union its proposal last January to raise wages in 1998 by

2.75 percent. Mr. Picanco said the strike would disrupt all of Portugal's eight ports and the import and export of goods.

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather High Low W CFF 18 1 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 1457 | 145 North America Europe Dry and mild in London Friday through Sunday with sun, but it may shower late sunday. Sunny and hot in Madrid Some sun and day Parry surry and very warm in Tokyo Friday through Sunday Showers in Seoul Friday, but dry and warm with some sur this weekend Monsoon rain will drench southern India, but sunny and dry near New Othik. Texas, shough a flundernice in Rome with a gradustorm could pop up in al warm-up Roiny in westspots. Sunny and nice in ern Turkey Friday and Satthe Northeast Friday, then ahowers and a thunderstorm possible over the Saturday, cooling thunder-North America Tomorrow High Low! C/F C/F CF CF 21703 12573 pc | 3493 2273 pc | 2577 1864 sh | 2564 1864 sh | 3766 2572 pc | 3493 1661 a | 2582 1966 pc | 3168 2573 pc | 3168 1569 pc | 44111 27/80 5 27/80 20/08 5 36/87 19/66 5 37/88 16/61 2 29/84 19/50 0 41/106 22/71 5 42/107 29/84 5

Latin America Oceania

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THE AMERICAS

Capitol Hill Fight on IMF

House Republicans Call Reform the Price of Funding

CNN Analyst Quits in Protest

General Says Show on Gas Use in Vietnam Was Wrong

'ridiculous.'

By Helen Dewar Washington Post Service

WASHINGTON - As economies in several foreign countries show continuing evidence of deterioration, House Democrats and Senate Republicans are stepping up pressure on the House Republican leadership to schedule action on a stalled request by President Bill Clinton for \$18 billion to help replenish the International Monetary Fund.

But the leader of the majority Republicans in the House, Dick Armey of Texas, insisted Tuesday that the legislation, passed several months ago by the Senate, was unlikely to be approved by the House until the international lending agency agrees to major reforms.

Fried New Month Case Service Who peak upjet sheed there is already some facilities Albage

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and the Albage facilities are all the same facilities are albage for a same facilities and facilities for a same facilities for an object of the albage facilities for an object of the albage facilities for an object of the acceptance of the albage facilities for an object of the albage facilities for an object of the albage facilities for a same facilities facilities for a same facilities for a same facilities for a same facilities facilities facilities facilities for a same facilities fa The House Democrats' pressure comes in the form of a move by Representative David degested day e Obey of Wisconsin, the ranking Democrat on the House Appropriations Committee, to cir-culate a "discharge" petition aimed at for-cing a vote on the legislation, which has been bottled up by Republican leaders since it was approved in March by the appropriations pananking multi-

This rarely used procedure requires 218 Tuesday have to call the invite to call the invite to the interest one indeed to the i signatures, representing half the House mem-bership. Several Republicans, including Mr. Armey, said Mr. Obey was unlikely to succeed. But Democrats noted that the Republican leadership, anxious to avoid the possibility of an embarrassing defeat, moved to schedule votes on campaign finance legisin striking distance of a successful discharge

> Mr. Obey declined to speculate on the prospects for the petition but said it may be the couraging sign.

> > By Howard Kurtz

Washington Post Service

Smith, CNN's military analyst since the Gulf

War, has resigned to protest the network's

airing of allegations that U.S. troops used

nerve gas against American defectors in Laos

failing to convince Tom Johnson, chairman of

the CNN News Group, that the network

needed to retract the story, which aired June 7 on the premiere of "NewsStand: CNN &

Time" and was also published in Time

"I can't work for an organization that

military audience that I have approved this. I gas

would do something like this and not fess up

to it." General Smith said. "When there's

something on CNN of a military nature,

couldn't in good conscience still work for

them. I had to break it off. It was just

A CNN spokesman, Steve Haworth, said

ground, men in the air and men up the chain of

General Smith "leaves with our respect" and as they did 30 years ago that CNN was still investigating the nerve gas "CNN has damaged"

General Smith, who is retired, quit after

WASHINGTON - Major General Perry

only way to bring the issue to a head. The Asian financial crisis is threatening the U.S. economy, and it is "incredibly reckless of us not to have all the bullets we need to protect our economy from what is happening in Asia," Mr. Obey said in explaining his

But, at a news conference, Mr. Armey stuck by the Republican leadership's earlier demands for more openness and accountability in IMF operations, saying: "It strikes me to be virtually impossible to get any IMF funding through the House without significant re-

During an interview on another subject, the speaker of the House, Newt Gingrich of Georgia, put it somewhat differently: "There's a way to get some IMF funding. I think we should have some more oversight on what the

IMF does. I envision us moving soon." This follows a letter to Mr. Clinton last week from Mr. Gingrich, Mr. Armey and other House Republican leaders asking for disclosure of IMF operating budgets and all IMF staff appraisals of recent rescue operations for Thailand, Indonesia, South Korea and Russia.

In the Senate, a dozen Republicans, including such farm-state conservatives as Chuck Hagel of Nebraska and Pat Roberts of Kansas, are pushing House leaders to act on the IMF funding, along with several other trade-related measures.

The problem is serious," Mr. Hagel said, lation recently after its proponents came with- adding that he thought that House leaders were "going to have to do something. They can't continue to stonewall this." He said he thought the letter to Mr. Clinton was an en-

has a doctorate in international relations from

Columbia University. He is based in Augusta,

Georgia, and teaches ethics and management

to businesses, war colleges and corporations.

General Smith flew 130 combat sorties over Laos from 1968 to 1969 and said he

never heard of lethal gas being used. He said he had consulted such former high-ranking

military officials as General Colin Powell and

General Norman Schwarzkopf, who assured

him that no nerve gas was used by the United

States during the war. General Smith quoted

General Schwarzkopf as calling the allegation

General Smith also tracked down two pilots



water marker Wednesday in Hamburg, Iowa, as the Nishnabotna River swelled after violent rainstorms. Residents of the town were being evacuated.

Away From Politics

حكذا من الأعل

• Scientists have begun human testing of a possible vaccine to prevent cervical cancer, the first step in what is hoped will prove a way to protect girls from ever catching a virus that causes this cancer. The experimental vaccine by Merck & Co. was reported to be highly effective in animals.

 A high school dropout was sentenced to death in Fort Myers, Florida, for gunning down a band teacher on his doorstep. Kevin Foster, 20, shot Mark Schwebes, 32, after the teacher threatened to report members of Mr. Foster's teenage gang for vandalism.

 The number of physicians disciplined for sexual misconduct has tripled in recent years, and two in five of them are still allowed to practice medicine, according to a study reported in the Journal of the American Medical Association. But the study's authors said the increase probably reflected better reporting, not more frequent misconduct by

· Louise Woodward, the British au pair convicted of killing a child in her care, has a renewed passport and can fly back to England at any time, one of her lawyers said. But a fresh batch of attorneys was due in a Massachusetts court to hear a request for an injunction barring Ms. Woodward from selling her story for a profit.

 A junior high school teacher in New York was dismissed for violating laws on separation of church and state after she talked about Jesus Christ and led her sixth-grade class in prayer. The teacher said the discussion came up after students asked about a classmate's drowning and she told them the boy had gone to heaven.

Starr Strikes Back at New Magazine's Barbs

grand jury.

your reckless and irresponsible attack

grand jury information.

But Mr. Kendall and Mr.

Starr have offered different

interpretations of what infor-

mation those laws and rules

Nevertheless, on Monday

Mr. Brill's article has

Judge Norma Holloway

Johnson of U.S. District

courtroom and admi them for the leaks.

By Steven A. Holmes New York Times Service

WASHINGTON - An article in a new media magazine about leaks of sensitive information to journalists reporting on the Monica Lewinvestigation has ignited accusations and rebuttals from Kenneth Starr, the independent counsel, President Bill Clinton's personal lawyer and also from jour-

nalists who said their reputations had been maligned. For the third time in four days, Mr. Starr, who is investigating relations between President Clinton and the former White House intern. sharply questioned the veracity of the article in the magazine Brill's Content and also the integrity of its author,

who delivered gas to Laos on the day the gas Steven Brill. was supposedly used from an air base in Mr. Starr's latest response Thailand. Both said they had carried nonlethal came in a 19-page letter to tear gas, not poisonous nerve gas. One, Art Mr. Brill, the magazine's ed-Bishop, told General Smith he had found a itor and publisher, in which there's an assumption by at least part of the 1970 diary notation that he dropped nonlethal he said the article contained errors and rested on a fun-After the program aired, a lieutenant coldamental misrepresentation onel asked General Smith by e-mail to of the law.

disappointing, 'please assist us in regaining our honor" and is that your reckless and iris discussnot allow the press to "once again crucify us "CNN has damaged the United States of responsible attack borders on

story, But, he said, "more than 200 interviews America quite seriously," General Smith the libelous."

and eight months of research leave us con-said. Referring to the Iraqi leader, Saddam The long as "Pressgate," written for the from or provided by witmagazine's inaugural issue, alleged that Mr. Starr or his of investigative interviews, the methods and integrity of office was the source of much of the information used by documents provided to this reporters in articles about witnesses subpoened to testify to documents provided to this corps, an institution some people regard as important to the nation's capital as legisnesses subpoened to testify to the Lewinsky grand jury.

> that what he told them was not a violation of federal law, of not dispute the quotes attribustice.
>
> The letter, however, does something was being lost in the emphasis on whether Mr. ation ethics.

tigation rekindled charges by basis. Mr. Clinton's personal lawyer, David Kendall, that Mr. was quoted as saying it was Starr and his aides had im- entirely proper to provide inproperly, and possibly illegal- formation such as what a poly, tried to influence the tential witness told an FBI course of the investigation by

aging information.
"Your statements in the Brill article are at breathtaking vari-'More disappointing, however, is that

disclosing potentially dam-

ance with your previous public stateborders on the libelous.' ments about your duties and actions, Mr. Kendall wrote. "Your disclosed to reporters by Mr.

statements consistently have Starr's office could be critical led the public to believe you if it was found to violate fedwould tolerate no leaks of any kind." eral law, guidelines or ethics rules forbidding disclosure of Mr. Starr's letter, which

reads much like a legal brief, is an attempt to dispute pointby-point many, but not all, of Mr. Brill's charges of improper conduct.

He said discussions with reporters about such issues as the time frame of the investigation or office staffing Court, who is overseeing the were perfectly legitimate sub-jects to share with journa-called both sides into her

what we do avoid, is discus-The long article, headlined sion of information sought nesses — whether in the form raised serious questions about grand jury appearances, or many in the city's journalist

this information to the media lators, bureaucrats and lob-Mr. Starr acknowledged and your claim that I have byists. briefing reporters but said admitted doing so is false."

Department uted to Mr. Starr in the Brill Starr had, or did not have, guidelines or of bar associ- article, which said that he and improper contact with reporthis principal lieutenant ers. And that, Mr. Brill added. The dispute over leaks of provided reporters informa- is the issue of how reporters

provided by Mr. Starr in the Brill's article chastised Jackie In that article, Mr. Starr first few weeks after the story Judd, an ABC reporter, for about a Lewinsky-Clinton re- saying on air that witnesses lationship surfaced.

leak," Mr. Brill said in an compromising situation. interview. "There are always agent, so long as that witness going to be leakers. The queshad not been called before a tion is what do guys like you The question of what was and me do about them. Do we

just take stenography or do we go and check them

> But while Mr. Brill questioned the professionalism

of some Washington journalists and the accuracy of some of their reporting in the early days of the Lewinsky coverage, several reporters said he mischaracterized comments they had made to him. In the last two days, the

had apparently seen Mr. Clin-"Prosecutors will always ton and Ms. Lewinsky in a

On Tuesday, Ms. Judd disputed Mr. Brill's version of how she had handled that story. "He mischaracterized my point of view on this story, Ms. Judd said. "In my conversations with him, I told him that ABC has not had to retract any report we put on the air, including the eyewit-

The Brill-Starr dispute has, in fact, laid bare some embarrassing aspects of the competition for information.

Mr. Starr quoted from a letter to Jackie Bennett, his deputy, by Michael Weisskopf, a Time correspondent, suggesting a wish to "open affirmation, "We stand by with the prosecutor's office in our story," has been heard all order to establish an "off-thewith the prosecutor's office in over town. For example, Mr. record relationship.

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THE RIVER RUNNETH OVER - Army Corps engineers installing a higher

General Smith's resignation would provide A best-selling author and speaker who ammunition to those who think the story is served 30 years in the air force, General Smith bogus. "It doesn't help us," one said. POLITICAL NOTES

tinning to believe that sarin gas was used on Hussein, he said: "Saddam can now accuse

this mission, one of the purposes of which was to kill American defectors." Mr. Haworth said CNN had interviewed "men on the Such dramatic departures are rare in the

WASHINGTON — The tobacco industry's \$40 million, eight-week radio and TV ad barrage to defeat the tobacco bill is beginning to make a dent in the Senate debate at a crucial moment, some senators say.

Ads by Tobacco Firms

Appear to Hit the Mark

As Senate Republicans headed toward a closed-door showdown meeting on the bill, the enormous ad campaign, which seeks to portray the bill as a tax-and-spend measure, appears to have made an impact by emboldening the bill's opponents and, perhaps, by intensifying pressure on wavering senators, according to several senators and political consultants.

The broadcasting blitz, which began April 18, has hit local markets as far-flung as Montgomery, Alabama, and Missoula, Montana. The nation's five major tobacco companies have purchased time in 30 to 50 markets each week, and on CNN nationally for the past three weeks, according to an industry spokesman. That campaign has been buttressed with print ads in major national newspapers, including The Washington Post and USA Today, where full-page ads cost more than \$63,000 each. The industry "may have made some gains," snid Senator John McCain, Re-

publican of Arizona, the bill's chief sponsor. "They're bound to, with the amount of money they're spending."
President Bill Clinton was concerned

enough in recent days to attack the ads as "a bunch of hooey" and assert that the industry was attempting to distract attention from its complicity in misleading the nation about the dangers of smoking. (WP)

Perot's Reform Party Finds Weak Support

NEW YORK — Almost from the day it was founded, Ross Perot's Reform Party has been complaining about the difficulty that third parties have in gaining recognition and getting on state and federal ballots.

founder's home state. It needed the signatures of some 44,000 Texans on bailot electorate — but it came up with fewer than a moral order and somehow, in the long run,

The Texas failure was the party's fourth this year. It also fell short of gathering the required number of signatures to win ballot access in North Carolina, South Carolina

television world. Some CNN staffers say

The requirements for gaining a ballot line vary widely by state and can be daunting. In many states, a party's performance in the previous election determines whether it will automatically be on the ballot in the next election or has to circulate petitions again to demonstrate its political viability.

Even with its recent failures, the Reform Party remains on at least 30 state ballots as a result of the 1996 election returns. Still, what of the rest of the states?

In the past, the party has demonstrated that it can prevail in just about any ballot access fight — if Mr. Perot weighs in.

In the presidential election years of 1992 and 1996, when Mr. Perot was a candidate,

he saw to it that the party had the petitioning manpower, money, legal advice and leadership to overcome state rules and obstacles. The party won position almost

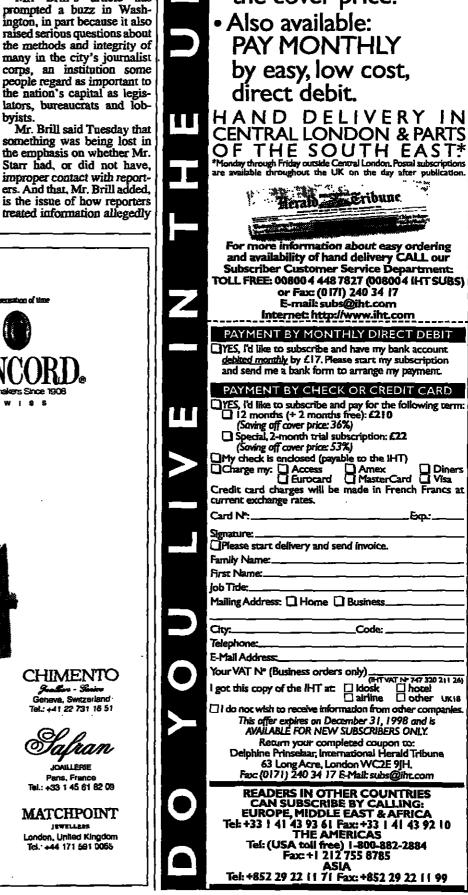
On the other hand, in 1998, with no presidential contest scheduled, Mr. Perot has not seen fit to come to the aid of those seeking ballot access in any state, not even his own, despite pledges at the party's na-tional convention last year that he and other party leaders would wage an all-out effort to field candidates at all levels in all coming elections, presidential and otherwise.

"It's a matter of being realistic," Russell Verney, the Reform Party chairman, explained in the aftermath of the Texas failure. "We've decided we're not going to go for ballot access everywhere and we're not going to field candidates at every level unless we can see reasonable results down the road for all that effort and money. Texas and the other states had to face that real-

Quote/Unquote

Coretta Scott King, Martin Luther King Jr.'s widow, pressing President Bill Clinton to investigate the civil rights leader's assassination 30 years ago, saying she could The other day the party even failed to gain access to the 1998 ballot in Texas, the years, but it wouldn't go away. We're a family that believes in truth. We believe petitions — or 1 percent of the state's also in forgiveness. We believe that there is that truth will win out."





Indonesians

For a Killing

Protests Over East Timor

Agence France-Presse

itary Wednesday publicly apologized

for the fatal shooting of an East

Timorese youth, and student protesters

in Jakarta maintained pressure for self-

to the bishop and to the public in gen-

eral," East Timor's deputy military

commander, Colonel Mujiono, said at a

news conference. "In essence, our per-

A soldier on Tuesday shot Herman Dasdores Soares, 21, in Obrato, about

60 kilometers (35 miles) east of Dili, the

Mr. Dasdores was loading wood on a truck with a cousin, Olandino Soares,

when he was shot. He died while being

taken to a hospital in Dili for treat-

"There was no reason for shots to be fired, since the soldier only suspected the victim of stealing wood," Colonel

He said the soldier was being ques-tioned by military police. We will take action against him according to the

Early Wednesday, Mr. Dasdores's

body was taken to his home in the Balide

district of Dili, where hundreds of

people, mostly young, had gathered, said Ze Luis, a lawyer with the Foun-

dation for Law, Human Rights and

paraded the body through the streets to

the governor's office and to the local

governor to read a list of demands that included a United Nations human rights

commission investigation into East Timor and the bringing of "war crim-

Indonesian government to pull troops out of East Timor, witnesses said.

East Timor, a former Portuguese colony, was invaded by Indonesia in

1975 and annexed a year later. Rebels

have since waged a low-level resistance

The deputy head of the local Par-

The death came as pressure was

President B.J. Habibie has released

mounting on Jakarta to launch an ini-

15 East Timorese political prisoners as a

part of his reform program after the fall of the longtime ruler. Suharto, in May.

students rallied outside the Justice Min-

istry demanding a referendum on self-

determination in their territory and the

release of a jailed rebel leader, Xanana

Nine students presented ministry of-

ficials with demands, which included

the release of political prisoners, the scrapping of Indonesia's subversion law

and the nullification of the 1976 pres-

idential decree that made East Timor

Some 50 soldiers were deployed at

the ministry but made no attempt to

intervene, and the students dispersed

peacefully after two hours, a witness

In Jakarta, about 200 East Timorese

liament, Mariano Lopez da Cruz, told

the mourners he condemned the mil-

war against the Indonesian Army.

itary's "inhumane action."

tiative over East Timor.

They also asked the UN to urge the

inals" to an international court.

The protesters met an assistant to the

Thousands of supporters then

law," the deputy commander added.

'We have apologized to the family,

determination in the territory.

sonnel were at fault."

East Timor capital.

Mutiono said.

DILL, East Timor -- Indonesia's mil-

Continuing in Jakarta

Apologize

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Legal Services

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ASIA/PACIFIC

India Eschews Big Nuclear Arsenal Jospin's Secre Deterrence Is All His Country Needs or Wants, Prime Minister Says

By Kenneth J. Cooper Washington Post Service

NEW DELHI - Although India now 'is a nuclear weapons state," it does not intend to build a large nuclear arsenal or create the elaborate command and control systems that other nuclear powers use to manage their weapons, according to Prime Minister Atal Bihari Vajpayee.

After its five underground nuclear tests last month, India has "a credible nuclear deterrent," Mr. Vajpayee said in his first interview with an American newspaper since becoming prime minister in March.

"However," he added, "we have no intention of engaging in a nuclear arms race and building huge arsenals as we have seen other nuclear weapons states do, because their doctrines were predicated on nuclear war.'

Mr. Vajpayee's statement came at a time when the United States and other nuclear powers have been attempting to persuade India and Pakistan to end the nuclear tests each of them has conducted in recent weeks and refrain from building and deploying nuclear weapons systems.

While not suggesting he would agree to those demands, Mr. Vajpayee's state-ment indicated that India was not now planning to deploy an extensive system of weapons or the infrastructure needed to control and safeguard them.

"India's nuclear doctrine is qualitatively different from that of other nuclear weapons states," he said. "Therefore, we do not need to, or intend to, replicate the kind of command and con-

trol structures which they required. Our approach is to have a credible deterrent, which should prevent the use of these

India is still developing its nuclear doctrine, which is to be recommended by a national security council that has yet to be formed. But Mr. Vajpayee's statements, while lacking detail, came the closest of any made publicly by a government official so far to enunciating what the nation's policy will be.

In a meeting at his office last week, and in subsequent written responses to questions, Mr. Vajpayee elaborated on several aspects of India's decision to conduct five underground nuclear explosions, a move that led to international sanctions and condemnation and prompted Pakistan to carry out its first nuclear weapons tests.

He said India carried out the tests in part to prod the five established nuclear - the United States, Russia, China, Britain and France—to agree to plans to disarm. "That was one of the main reasons: We thought that if there is nuclear disarmament it will make the world a better place to live in," he said.

'It will also provide security for us.'

He also hinted that India could retaliate if the United States rigorously imposed economic sanctions in response to the tests.

"If the sanctions declared by some countries are indeed imposed, India would have no option but to take measures that minimize their impact on the Indian economy," said Mr. Vajpayee, whose Hindu nationalist Bharatiya Janata Party leads a 14-party coalition government. "It would be a pity if economic cooperation between India and the United States were to be adversely affected. Both countries would stand to

Mr. Vajpayee issued the threat, to counter what he called "unjustified" sanctions, in written responses that were purposely delayed, according to a Foreign Ministry spokesman, until after the G-7 group of industrialized nations last week announced a joint plan to delay World Bank and other multilateral loans to India and Pakistan, which matched India's nuclear tests on May 28 and 30. Sanctions required by U.S. law also

would cut off nonhumanitarian U.S. development aid.

Since India's tests, his aides have tightly controlled media access to the prime minister, who with few exceptions has answered questions from journalists in written replies reviewed by the Foreign Ministry. Mr. Vajpayee did agree to take questions from a Washington Post reporter last week in the prime minister's office in the round, sandstone Parlia ment building. He spoke slowly in Higlish, choosing words carefully for about 10 minutes last Thursday before abruptly standing up to conclude and netroisew that he repeatedly steered back to the issue of nuclear disarmament.

Mr. Vajpayee said the burden of initiating total disarmament fell on the five recognized nuclear powers, which have resisted the step. He nodded his head affirmatively when asked about partial disarmament by the United States and Russia under START agreements, but then dismissed those reductions as inadequate.
"Something more needs to be done, a

pledge to destroy all nuclear weapons within a definite time frame," he said, repeating a proposal made by previous Indian governments. "We know that that cannot be done tomorrow. It will take time. Already, so many years have passed. Let the initiative come from nuclear weapon states."

On other nuclear issues, Mr. Vaipayee said:

An anti-nuclear poem he wrote after visiting the Japanese cities of Hiroshima and Nagasaki in the early 1980s "cannot in any way be linked to India's conduct of nuclear tests" because "India's nuclear policy is not predicated on war but its avoidance.

In the poem, translated from Hindi by Rama Lakshmi, Mr. Vajpayee speaks of his restless sleep and emotional pain at the thought of the "dance of destruccaused by the atom bombs that U.S. planes dropped on the cities in 1945 at the close of World War II. He addresses American scientists who developed nuclear weapons, asking.

Did they even for a minute Realize that what they did with their



China Curbs Nuclear Exports In Run-Up to Clinton's Visit

BEIJING — China on Wednesday implemented regulations controlling the export of nuclear equipment and technology with dual civilian and military uses, the Xinhua press agency reported.

An East Timor student praying at a rally on Wednesday in Jakarta.

Activists are seeking self-determination for the Indonesia-annexed territory.

The publication of the measures comes just over a week before the arrival in China of President Bill Clinton, whose administration has pressed Beijing to curb exports of nuclear equipment with military applications.

The regulations aim to "strengthen control of dual-use equipment and related technology, halt the proliferation of nuclear technology and promote international cooperation for the peaceful use of nuclear energy." Xinhua said. The Chinese regulations, which consist of 23 clauses. were published without commentary or explanation by

"The nation imposes strict controls on the exports of dual-use equipment and related technology and shall strictly carry out all of the international nonproliferation duties it has committed to," read one clause. (Reuters)

Xinhua, which said the controls were effective imme-

UN Wants Emergency Meeting Over Taleban Girls-School Ban

ISLAMABAD, Pakistan - The United Nations called Wednesday for an emergency meeting with Afghanistan's Taleban religious leadership over its decision to close more than 100 private schools that have been teaching girls math, language and other basic subjects.

A Taleban official, in announcing the closure edict Tuesday, said the schools run counter to the army's aim of Tuesday, said the schools run counter to the army's aim of keeping women out of the workplace and girls out of For the Record schools. The order also applies to scores of home-based vocational training programs, many of them run by international aid groups.

The United Nations, in a statement released from Pakistan, said the closures would have "a devastating impact on the welfare of many of the city's needlest

2 Car Bombs Rattle Karachi

KARACHI, Pakistan - Two car bombs rattled the southern port of Karachi early Wednesday, wounding one person and sending dozens of panicked residents running for cover. The bombings followed a night of violence that left eight people dead, including three members of the same

A policeman was also killed. No one took responsibility for the attacks and no arrests have been made, but the police suspect they were linked to the relentless bloodletting between rival factions of the Muhajir Qaumi Movement.

The movement, which represents Indian Muslims who settled in Pakistan after the British departed the Subcontinent in 1947, split several years ago and have been battling each other ever since. In the last two months, nearly 100 people have been killed. (AP)

747 Dumps Fuel to Land Safely

AUCKLAND, New Zealand — Passengers said they nervously held hands across the aisles as their flight circled a New Zealand airport and dumped excess fuel in the ocean before making an emergency landing after an engine ex-

One of the engines of Air New Zealand flight, bound for Fiji and the United States, burst into flames as the Boeing 747 took off from Auckland International Airport on Wedday, an airline spokesman said.

The engine was shut down as soon as it caught fire and the 372 passengers spent a further 90 minutes in the air as the plane dumped its fuel load as a safety precaution before

At least 70 people have been killed by landslides and floods in remote northeastern India this month, government officials said Wednesday. Pramod Gogoi, flood control minister of the tea-growing state of Assam, said deforestation and heavy monsoon rains in the higher reaches were to blame.

North Korea's Warning

U.S. Official Foresees Backlash in Congress

Agence France-Presse WASHINGTON — North Korea's threat to press ahead in developing, deploying and exporting missiles is counterproductive and could backfire by showing any energing of U.S. specions slowing any easing of U.S. sanctions, according to a senior U.S. official.

Such a statement may feel good, but it "doesn't encourage anybody" in Washington, the official, who asked not to be named, said Tuesday.

The official suggested that Pyongng's warnings could stiffen opposition in Congress to any eventual easing of the economic sanctions, now 48 years old. On Tuesday, North Korea warned that it could afford to stop exporting missile technology only after Washing-

ton reduces the sanctions against it.

The U.S. official said Pyongyang's statement that "it is justified in continuing to export destabilizing missile technology and equipment to earn hard currency is irresponsible."

Its "virtually indiscriminate" sale of missile technology to unstable regions such as South Asia and the Middle East

1992, 1996, and 1997, the official said. Two rounds of bilateral negotiations on missile proliferation starting in 1996 went nowhere, with U.S. officials saying North Korea was not ready to show enough restraint to justify any relaxing of sanctions.

has drawn U.S. missile sanctions in

American officials say, to the con-trary, that North Korea has actually stepped up its export of dangerous missile technology in recent years.

The Pyongyang warning came at an odd moment, amid tentative signs of a very slight economic opening from North Korea and calls from South Korea's new government for the United States to rethink its sanctions.

■ Panmunjom 'Festival'

North Korea has proposed that citizens from both halves of the divided Korean Peninsula gather in the border truce village of Panmunjom Aug. 14-15 for a grand festival for national reconciliation, unity and reunification." The Associated Press reported from Tokyo.

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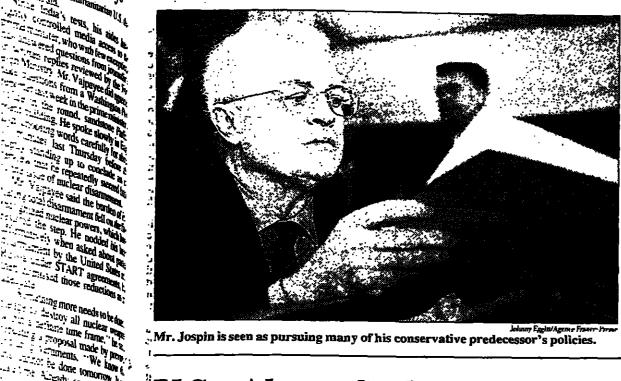
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Prime Minister Sm. Jospin's Secret of Success: Under His Socialist Cloak, He's a Pragmatist Rv Craig R. Whitney when the French economy started a powerful recovery. That brought in extra tax revenues and conservatives. Rv Craig R. Whitney when the French economy started a powerful recovery. That brought in extra tax revenues and conservatives. Rv Craig R. Whitney when the French economy started a powerful recovery. That brought in extra tax revenues and conservatives.



Mr. Jospin is seen as pursuing many of his conservative predecessor's policies.

PARIS - "When the French want to change policy, they will turn to you." President Francois Mitterrand told Lionel Jospin, his fellow Socialist and longtime party aide, in 1995 after Mr. Jospin

unsuccessfully sought the presidency.

French voters elected Mr. Jospin prime minister a year ago, throwing out a conservative government

that had tried to slim down generous French welfare benefits that were driving up deficits. But since then, not only his compatriots but also officials of the United States have come to see Mr. Jospin as pursuing many of the same policies as his conservative predecessor, only more effectively.

Mr. Jospin left Paris on Wednesday and will begin his first official trip to the United States on Thursday. The prime minister's biggest success was meeting the deficit-reduction requirements for France to

join the euro, the common currency that starts Jan.

1, a target the conservatives said would require unpopular austerity measures. The conservatives' candor brought them defeat at the polls when Jacques Chirac, who defeated Mr. Jospin for the presidency, called a surprise election last spring. Mr. Jospin, who had promised to make

when the French economy started a powerful re-covery. That brought in extra tax revenues and enabled France to squeak in under the budget-deficit limits without further big budget cuts.

industries like Thomson-CSF with private invest-ments as well. All these policies began under the conservatives.

The combative Mr. Jospin, who turns 61 next

Mr. Jospin's popularity rating has dipped below 50 percent only once since his election. The prime minister's handling of an embarrassing strike this month by pilots of the state-owned airline, Air France, has brought grudging expressions of respect even from conservatives. The pilots agreed last week to a seven-year salary freeze and voluntary pay cuts in exchange for stock options after Air France is partly privatized this year. These were basically the terms offered at the

The U.S. ambassador, Felix Rohatyn, observed that this episode was one of many that indicated Mr. Jospin was less a leftist than a pragmatist who was quietly adapting France's state-dominated econ-

omy to the demands of global competition.

This government has seemed to me to be quite pragmatic about starting restructuring of defense industries and of the Airbus consortium, and about going ahead with privatization of France Telecom and Thomson," Mr. Roharyn said. He was referring to Mr. Jospin's decisions to open the French telecommunications market to private investment; to reorganize Airbus, a civilian airliner company, jobs his main priority, then had a stroke of luck and to regroup state-dominated military electronics

The combative Mr. Jospin, who turns 61 next month, tells people that his responsibility is to govern France as effectively as possible during his time as prime minister. But many say he will make another run for the presidency at the end of Mr. Chirac's first term, in 2002.

On the fundamental issues of European policy nd relations with the United States, even Mr. Rohatyn said: "Franco-American relations are driven by interests and by philosophy. I haven't seen any real difference between the presidency and the prime minister's office on these issues." The biggest French-American difference at the

moment is in unemployment. French joblessness has started to fall from near-record levels of the past several years but is still near 12 percent, three times that in the United States.

Mr. Chirac and Mr. Jospin have both resisted suggestions by American policymakers that reducing the French welfare state's heavy payroll taxes might encourage employers to do more hir-

Mr. Jospin has admitted that he and his Socialists underestimated the job-creating potential of the less encumbered U.S. economy, and might have

U.S., Alone, Seeks to Limit International Prosecutor

New York Tones Service

United States on Wednesday dismissed United Nations efforts to create a fully independent prosecutor as "unrealistic

Speaking at the UN conference devoted to setting up rules to try individuals for genocide and other crimes against humanity, the chief U.S. delegate to the United Nations, Bill Richardson, warned the delegates not to turn the court into "a human rights ombudsman open to, and responsible for responding to, any and all com-

The United States wants the permanent members of the UN Security Council to play a major role in determining what crimes - and which defendants - should be prosecuted by a permanent

This court cannot and should not address every crime that goes impunished, no matter how horrific or atrocious it may be," Mr. Richardson

isolated at a conference where more than 40 other nations, united in what is known as the 'like-minded group,' and hundreds of human rights groups

The Life of John D. Rockefeller Sr.

THE life of John D. Rockefeller, creator of Standard Oil, first and migh-

tiest of the oil giants, has been told before and no doubt will be told again because it

is worth telling, and complicated, and

there are always new angles to explore. Ron Chernow, an experienced biogra-pher of business tycoons, presents the

tale well, and his portrait of Rockefeller, an eccentric on a heroic scale as well as a

genius, is convincing. On balance, this is the best biography of the man so far. So

I commend it, but, having done so, I want to examine in detail its one major fault,

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are pushing for a fully independent prosecutor with the power to initiate investigations as the best means of guaranteeing the court's clout and impar-

a say in the court's jurisdiction - and what crimes prosecutors pursue -American servicemen could be hauled before international judges harboring an anti-American agenda.

Beneath the noble sentiments that

of asperity to the lobbying efforts of the "like-minded group," led by such normally staunch allies as Canada and Britain. "The court cannot be the creation

LUXEMBOURG — European Union environment ministers agreed Wednesday on a legally binding deal to share the burden of cutting the 15-nation

bloc's emissions of greenhouse gases.

The agreement was thrashed out Tues-

BOOKS

of a single group of nations," he said. "The court must be built on the firm ground of international consensus and

of the "like-minded group." "A court worth having is one with an

ment Wednesday. "He or she should be able to initiate a proceeding ex officio, rather than having ICC jurisdiction triggered only by state complaint to a security council referral."

Mr. Richardson's statement infuriated human rights groups, who have flooded the conference, lobbying for as broad and independent a court as pos-

This court will have very little business if it is dependent on states or the Security Council referring cases to pros-ecutors," said Richard Dicker, associate counsel of Human Rights Watch. You can just imagine the diplomatic, economic and security considerations that would come into play before the U.S. or even a smaller nation would risk lodging a complaint against China.'

BRIEFLY

Swiss and EU Agree On a Plan for Trade

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BRUSSELS -Swiss officials said Wednesday that they had reached agreement with the European Union on key elements of an ambitious trade and cooperation pact after three and a

half years of negotiations. The Swiss Foreign Ministry's secretary of state, Jakob Kellenberger, said that he and a team led by a European Commission official, Francois Lamoureux, had solved their main differences on five of the seven areas of the proposed pact in a long bargaining session in Brussels on

Tuesday evening.
Swiss news outlets suggested that sealing the broad pact could be a prelude to a Swiss bid to join the EU.

The five sections where broad agreement was reached were on free movement of people, research cooperation, market access for agricultural products, technical barriers to trade and public procurement, Swiss

Bad Wheel Caused German Train Crash

BONN — In its first report on a rail disaster that left 100 dead, a German government watched said Wednesday that the June 5 crash was caused by a broken wheel that derailed the

presented a detailed account to a par-The Federal Railways Office liamentary committee of how the part of the wheel that holds the train on the track fractured, causing Germany's exander Lukashenko has put off a worst rail disaster in half a century. (Reuters)

2 Sides on Cyprus Flex Their Muscles

NICOSIA - Two Greek fighter jets and a transport plane left a mil-itary base in Cyprus on Wednesday after a controversial visit that Turkey said stoked tension on the divided

But as the Greek planes left the signed a decree south, a flotilla of nine Turkish Navy vessels docked at ports in the Turkish ident also lives.

held north of the island as part of naval exercises in the eastern Mediter-

6 Russian Satellites Go Into Wrong Orbit

MOSCOW — Six "spy mailbox" satellites launched by Russia have gone into the wrong orbit, but officials said Wednesday that they could still be used to transmit secret messages to and from intelligence agents.

The six satellites were launched simultaneously early Tuesday from the Plesetsk cosmodrome in northwestern Russia. Russian media said they were designed for the Main Intelligence Department of the Defense

By Tuesday night some were re-ported to be having trouble finding their proper orbits, and on Wednesday officials said all six had gone astray.

The satellites, which the military earlier described generically as the

Kosmos variety, were actually Strela3s — also known as "space mailboxes for Russian spies," the Russky
Telegraf newspaper said.
Strela-3 satellites are used to record
radio messages transmitted by Russian intelligence agents throughout
the world, and relay them to intelligence headmarters in Moscow. ligence headquarters in Moscow. They can also receive messages from Moscow for spies abroad. (AP)

Diplomats in Minsk

move to evict foreign diplomats, including the U.S. ambassador, from their elite residential complex, officials said Wednesday.

Mr. Lukashenko, whose authorit-

arian rule has repeatedly stirred con-troversy in the ex-Soviet republic, had earlier ordered 22 diplomatic families to move out of the Drozdy complex by Wednesday. He cited the need to make repairs.

But the International Monetary Fund's resident representative said Wednesday that Mr. Lukashenko had signed a decree letting the diplomats stay in the compound, where the pres-(Reuters)

By Alessandra Stanley

ROME — Seeking to limit the scope of an International Criminal Court, the

plaints from any source.

international court.

But for now, Washington finds itself

The United States is concerned that unless the world's leading powers have

have been flowing across the conference hall, the proceedings themselves are already highly politicized.

Mr. Richardson alluded with a touch

enjoy international support." Throughout the five-week confer-

ence, delegations will be forced to debate and seek compromise. The opening statements, in effect, are opening bids in a complex and lengthy negotiation. On his way out of the conference, Mr. Richardson heatedly said: "We won't support the treaty if it has this self-initiating independent prosecutor. That's for sure."

His position was opposed by Canada, which is heading the conference and which is one of the most active members

independent, highly professional pros-ecutor," Lloyd Axworthy, the Cana-

day during a 14-hour round of intense

negotiations, but the ministers endorsed

it Wednesday afternoon only after they

EU Countries Will Share Emissions Cuts lapse," a German diplomat said. Individual targets for a number of EU nations are more lenient than those pro-

had reached a consensus on general policies for achieving the targets. visionally agreed to in March 1997. The EU pledged at the climate change conference in Kyoto, Japan, last December to cut output of six green-house gases to 8 percent below 1990 levels by 2008-2012.

Other industrialized states agreed to 'At one point it looked as if the whole thing was going to sort of col-

> that are believed responsible for global methane, oxides of nitrogen and three industrial gases. Under the agreement, cuts in emis-sions for seven of the EU's most industrialized states - Austria, Belgium, Denmark, Germany, Italy, Luxembourg

> an average cut of 5.2 percent in the gases

and the Netherlands - will be more lenient than those they accepted in March last year. Diplomats said the Netherlands and Austria had held out until the end for a

softening of their commitments. Sweden and the bloc's four poorest states — Portugal, Greece, Spain and Ireland — will be allowed to raise

emissions, but not by as much as they could have under the 1997 pact. In a policy statement accompanying

the accord, the ministers said reaching the targets would require "major changes in the way energy is generated

because it is important in itself and it is characteristic of this kind of business biography. Outstanding businessmen are nearly always a mixture of greed and altruism, of ruthless capacity and genuine creativity. To set up from nothing a business that makes a product that millions want to buy and that employs thousands of people is a creative act, in fundamentally the same way as painting or composing or writing poetry and plays. Vanderbilt, Carnegie and Rockefeller were driven by their genius and their creative spirit, just as their contemporaries Walt Whitman, Tolstoy and Baudelaire were driven. Some, like .Carnegie and Whitman, refused to bring God into the equation. Others, like Tolstoy and Rockefeller, saw God as the ultimate source of their constructive energy. Chernow prints an impassioned outburst Rockefeller made to a startled reporter towards the end of his long life: 'I believe the power to make money is a gift from God - just as are the instincts pecially for Ida Tarbell. Her series on

ent, the nurse's, yours - to be developed 1904, and it was later expanded into a and used to the best of our ability for the two-volume book which went through good of mankind. Having been endowed many editions. It was effectively Tarbell with the gift I possess. I believe it is my who demonized Rockefeller. At this duty to make money, and still more point, though, Chernow's book lacks obmoney, and to use the money I make for the good of my fellow men according to the dictates of my conscience."

It is impossible to understand Rockefeller unless one accepts that he was sincere in making this statement, and that his peculiar brand of evangelical Protestantism motivated his entire business career. He saw oil itself as a kind of erable effect, for the rest of his long life. manna, the work of God, and the way in which it surged from the ground as almost a supernatural event. As he put it, "The whole process seems a miracle. What a blessing oil has been to man-kind!" Neurally it followed that any mere mortal assisting the process must be doing God's work.

On the other hand, Rockefeller's methods in constructing his company and market-share, though usually legitimate, were often brutal and sometimes unlawful. The deals he made with railroad companies were particularly ruthless, and many were plainly unfair even when they did not actually break the law. This side of Rockefeller's career is recorded by Chernow in great detail, and he has no difficulty in assembling some devastating evidence of Rockefeller's unscrupulous dealings. The man and his company were probably more intensively investigated, both by state and by federal governments, than any others in history, and most of their secrets were laid bare early in the 20th century, with Standard Oil, in its original form, being broken up in consequence.

In addition to the official investiga-

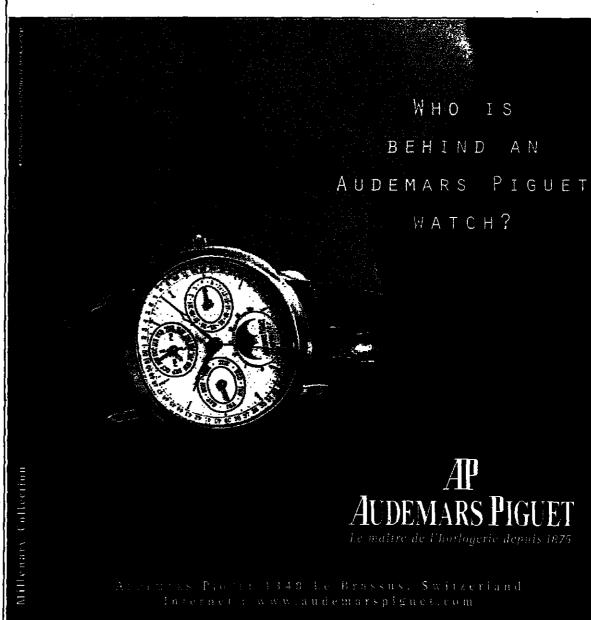
tions, Rockefeller and Standard Oil were also targets for the muckrakers, and es-

jectivity. Tarbell was not a disinterested party. Her idolized father had been an independent producer and Standard Oil had put him out of business. Unable to direct her exasperation at the family failure toward her own father, Ida Tarbell turned all her rage on Rockefeller. She hunted him relentlessly, and to consid-

Unfortunately, Chemow treats her like a saint. His account of her childhood as "a true daughter of the oil regions" is embarrassingly starry-eyed. She had "intellectual daring and fearless curiosity." She saw the issue as "the triumph of grasping men over decent folk, like her father, who played fair and square." She had a "scientific attention to detail" and "homegrown moral fervor." She was "high minded," "tall and attractive," with an "erect carriage" and "innate dig-

nity." And so on, endlessly.
The truth is, both she and Rockefeller had a streak of religious fanaticism. It came out in her journalism just as it came out in Rockefeller's drive to wealth and power. They had, in fact, a lot in common. As it was, Tarbell succeeded in making Rockefeller's career much more interesting to readers than it would otherwise have been, and the story gives a zest to Chernow's book. But Chernow's application of double standards to the huntress and her prey undermines con-fidence in his moral judgments, of which there are plenty.

Paul Johnson, a historian whose most recent book is "The American Century," wrote this for The Washington Post.



BRIDGE

By Alan Truscott

IN the final of the Reisinger Knockout Team Championship the winners were Richard De Martino of Riverside, Connecticut, Tom Smith of Greenwich, Connecticut, William Ehlers of West Orange, New Jersey, Bruce Rogoff of Hack-ensack, New Jersey, and Arnold Malasky of Westport, Connecticut.

The margin of victory was 48 imps against a Long Island foursome: Janet and Mel Colchamiro of Merrick and Peter Bisgeier and Robert Gordon of Northport. The winners had a harder time in the semifinal stage, winning by 12 against Jeff Aker of Briarcliff Manor, New York, and his team.

The diagramed deal shows the importance of paying careful attention to the explanation of the opponents' bid-

which was explained as follows: 10-15 high-card points with a singleton or a void somewhere in the hand. West led the heart ace, and

♠ Q943 ♥5 ⋄ KJ962 WEST(D) 4 A 10 7 **♦ K8652** ♥ J 43 North East Pass 1 7 4 • Pass

ding. Ehlers as South landed for want of anything better in four spades after West had continued with the king. This opened with one diamond, forced dummy to ruff and made it more difficult for South to make use of the diamonds. A diamond was led from dummy, and East chose to duck, permitting the queen

South now led a trump to the jack, queen and ace. In view of the explanation of the opening bid, it was clear to the declarer that the jack was a singleton. When the heart queen was continued he ruffed in dummy with the spade nine. He then led the diamond king, ruffing out the ace, and crossed to the club ace. The position is shown below: When the diamond 10 fell

not fallen, but East had fol-

4 J 9 6 **4** 10 3 WEST ♥ 10 **776** under the jack, it was an easy matter to continue with the SOUTH nine, forcing a ruff. South ♠ K 8 6 overruffed and surrendered a club at the finish. If the 10 had

have been taken. And if East had ruffed the diamond jack. Ehlers would have overruffed and drawn the missing trump, knowing that he could establish a club trick thanks to an even split in that suit. In the replay South failed in four spades because he had no

clue to the trump situation.

lowed, a spade finesse would

NORTH EAST **♦ 10 4**

organism Target San

NATO Says It Told Russia of Flights

Air Activity Near Kosovo Provokes Some Strain With Moscow

By Michael R. Gordon New York Times Service

MOSCOW — Top NATO officials formally notified Russia about Monday's air exercise in the Balkans two days before they took place. Western officials said Wednesday.

Defense Minister Igor Sergeyev created a political firestorm here Monday when he publicly rebuked the chief U.S. military officer for failing to give Russia advance word of the exercises.

"I am a soldier and I value honesty in people most of all," Mr. Sergeyev told General Henry Shelton, the chairman of the Joint Chiefs of Staff. "I do not understand why they did this to me.'

Amnesty Deplores

A Year of Atrocities

LONDON — Amnesty Interna-tional documented a year of atrocities

Wednesday, asserting that cruelty and

injustice remained prevalent despite

the 1948 adoption of the Universal

For most people around the world

the rights in the declaration are "little

more than a paper promise," said

Pierre Sane, secretary-general of the

said, while women bore the brunt of a

dan to the rising number of U.S. ex-

ecutions, Amnesty said the promise of

1948 — when governments pledged

to work for a world without cruelty and injustice — had fallen flat.

see that promise of a better world realized," Mr. Sane said. (Reuters)

Bomb Attack Kills 4

In Algeria Cemetery

From the mass rape of girls in Su-

crackdown in Afghanistan.

Declaration of Human Rights.

BRIEFLY

London-based monitoring group.

Amnesty documented abuses in 141 Mexican Villagers

countries, from grinding poverty to tor-ture and killings. Armed groups in Al-geria embarked on a killing spree, it

families and future generations to ensure that the next 50 years really do see that promise of a barrel.

ALGIERS - A bomb killed at least rejected the panel's offer of medi-

four people and wounded four others ation, saying all that was wanted was

Wednesday when it ripped through a the release of 16 people who were village cemetery southwest of Algi-

office of Commission and the commission of the c

nesday that the alliance informed Russia twice on Saturday about the exercises.

First, the NATO secretary-general, Javier Solana, informed the Russian ambassador in Brussels, Sergei Kisilyek.

Klaus Naumann, the German general who heads the alliance's Military Committee, also called Lieutenant General Sergei Zavarzin, Russia's chief military representative at NATO.

"It can be said with absolute clarity that the Russians were left with no doubt on Saturday that the exercise would take place on Monday morning," General Nanmann said in a telephone inter-

ers, government security forces said. The bomb exploded on Wednesday

morning in Bourkika, a village in Tizapa Province, about 60 kilometers

west of Algiers, according to a state-ment carried by the official Algerian

press agency, APS.

The attack raised to more than 210

the number of Algerians killed since

June 7 in a new wave of violence,

including rebel ambushes and troop

operations against guerrilla strong-holds, according to security officials

CHAVAJEBAL, Mexico — Mediators from the Mexican Congress,

seeking to foster peace in the southern

state of Chiapas, went Tuesday to one

of the bloodiest scenes in the four-

year conflict there but were turned

Seven members of a congressional

commission had gone to the village of

Chavajebal, where 10 people were

killed a week earlier in a clash be-

tween government troops and Za-

patista supporters. But a community leader, Gregorio Jimenez Hernandez,

and newspaper reports.

away by angry villagers.

Russian officials were provided with

But Western officials disclosed Wed- a detailed account of the exercise. General Naumann noted. They were told that it would begin about 7:30 A.M. local time and that it would not exceed 90 minutes.

The Russians were also told that NATO planned to use about 40 planes. As it turned out, more countries decided to participate than expected and the number of aircraft turned out to be

General Zavarzin was given the updated figure during a Monday meeting between NATO and Russian officials.

Mr. Sergeyev's charge that Russia was left in the dark mystified Western diplomats. Western analysts say there are several possible explanations for the Russian reaction.

One view is that Mr. Sergeyev was simply posturing. The air exercise was timed for the eve of the visit to Moscow by the Yugoslav president, Slobodan Milosevic. The flights were an effort to press the Yugoslav leader to halt his crackdown in Kosovo.

The Russian defense minister may have been trying to distance himself from the air exercise and inoculate himself against criticism that he was cooperating too closely with the Amer-

Even before the exercise, Mr. Sergeyev expressed concerns about it. The Russian defense minister left a meeting at NATO headquarters on Friday before the decision to hold the exercise was formally made.

But over the weekend, Mr. Sergeyev sent a letter to General Naumann, protesting the timing and claiming that it was the first step toward direct NATO military intervention in Kosovo.

General Naumann sent a reply to the Russian Defense Ministry on Sunday evening. In his response, General Naumann denied that the exercise necessarily presaged military action and explained that NATO military planners were simply doing the bidding of Western diplomats.

Another interpretation of General Sergeyev's response was that he was genuinely surprised because the Russian officials in Brussels had failed to quickly pass on NATO's notification.

'There is no problem with NATO-Russia communications," a diplomat said. "But there may be a problem with Russia-Russia communications. We have seen some signs that Foreign Ministry officials do not always pass information on to the Defense Min-

Sergei Kudryavtsev, a spokesman for the Russian Embassy in Brussels, de- or within the NATO countries, adminclined to comment on the notifications. istration officials said. The differences



General Henry Shelton being checked out Wednesday on a Su-27 jet while visiting a Russian air base.

Strikes on Yugoslavia? Pentagon Is Wary

Planners Say Defenses Would Have to Be Bombed Before Planes Go In

By Dana Priest

hington Post Service WASHINGTON - As top U.S. national security officials threaten the use of military power to resolve the crisis in Kosovo, American military planners have expressed deep misgivings about the amount of force it would take to protect NATO aircraft and force the Yugoslav government to change course in the province.

Pentagon officials say they have made it clear to President Bill Clinton's foreign policy advisers that to protect NATO aircraft, any air strike would have to be preceded by an all-out bornbardment of Yugoslavia's 60 surfaceto-air missile sites and its 241 combat aircraft, a preparatory action that one defense official described as a smallerscale version of the Desert Storm air

campaign in the Gulf War. That assessment, which officials said would be among preliminary military options delivered to NATO defense ministers in the coming days, is not universally shared within the administration

have caused a tussle between U.S. military and civilian officials involved in formulating a unified U.S. position.

'There are people who think that because air strikes worked in Bosnia, they will work here," said a military official, who derided the analogy. As the military debates the options for

the developing showdown, officials argue that the number of NATO aircraft needed to do the job and the amount of bombs dropped might amount to overkill and could incite powerful popular re-sentment against NATO — and the 350 U.S. troops stationed in Macedonia.

Military officials also fear that such bombardments would hit civilians, could create a greater refugee problem and could embolden insurgents fighting to gain independence for Kosovo, a province of Yugoslavia's dominant republic of Serbia.

Pentagon officials say they believe that any options requiring the use of NATO aircraft also would require the suppression of Yugoslav jets and air defense systems to ensure NATO pilot safety.

The Yugoslav Army's air defenses include a sophisticated command-and-control system and separate surface-to-air

missile sites that can be centrally controlled. A number of such sites are in Kosovo. "This isn't Bosnia," said a senior defense official. "You can't do this with a handful of aircraft" without considerable risk to the pilots. In 1995. NATO launched three weeks of air attacks against Bosnian Serb positions. which led combatants to the negotiating table. The Serbs had very limited means to oppose the air assaults.

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Besides the 60 surface-to-air missile sites, which include the sophisticated SA-6 system and others that are capable of reaching high-flying aircraft, the Yugoslav military has 241 combat aircraft, mostly Soviet-made MiG-21s and MiG-29s, and 28 attack helicopters, according to defense officials. It also has 1,850 air defense guns that fire largecaliber bullets, which can reach lowflying planes and helicopters.

Before any air strike against Yugoslav targets, "We would want to be confident we had suppressed the entire air defense system before flying around an area," said the Pentagon spokesman, Kenneth Bacon. "The military concerns have been brought to everyone's attention."

Introducing the world's smallest, lightest BubbleJet printer scanner. BJC-50



CARRY LESS

ACHIEVE MORE THE CANON BIC-50. IT PRINTS, IT SCANS AND YOU CAN TAKE IT ANYWHERE

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In October, a rocket is to rise from a floating platform in the Pacific Ocean and carry a

2 The rocket is moved to

the launching platform by

an onboard crane system

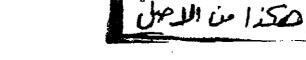
Both vessels set sail for a

predetermined site in the

Assembly and

and stored in a hangar.

communication satellite into orbit. The venture, called Sea Launch, is a cooperative effort by



3 The rocket is rolled out and

erected into launching position.

Crew members depart the

mounted between the two

command ship moves 3

center starts launching.

Rocket assembly

compartiment

vessels. The assembly and

miles away and the control

4 The rocket is

the upper stage

launched. After the first

and second stages have

containing the payload --

a commercial satellite -

guides the spacecraft to

- 128fl ---

For Sea Lannch, an even bigger ad-

vantage comes because its rockets will

fly the shortest possible route to the high

equatorial orbit. In contrast, rockets fly-

ing out of, say, Cape Canaveral at 28.5

degrees north, must barn fuel (the added

weight of which reduces payload ca-

pacity) to nudge themselves down to the

high orbit aligned with the equator at 0

Though planning to work on the high

seas, the Sea Launch venture, by virtue

of Boeing's participation, falls under

Washington's watchful eye. The U.S.

Transportation Department says that it

must license any rocket launching, and

the Commerce Department says that

any U.S. satellite maker that wants to

use the Zenit must get an export li-

will fire into space six Zenits a year.

though Boeing said the pace could be

quickened to eight. After the debut

flight, rockets are to be shipped in pieces

from the Ukraine to Long Beach, loaded aboard the command and assembly ship

and integrated with the satellite pay-

load. The whole assembly will then be

transferred to the floating platform for

move Zenits from the ship to the launch-

ing platform only at the home port,

which means that both would have to

jog back and forth from the Pacific

But later, Sea Venture officials said,

Sea Venture said that such a system

would allow 12 to 15 launchings a year.

which would rival the rate of commer-

cial blastoffs at the world's busiest

the launching platform might be left in place at sea. This could save time, since the command and assembly ship can

move faster than the platform.

At the start, the company plans to

degrees latitude.

blastoff.

launching site.

spaceports.

huan Valasco/The New York Tunes

37.4 ft.

the desired orbital

performed their roles,

platform through a gangway

CribTech

companies from Russia, the Ukraine, Norway and the United States.

Launching a Rocket at Sea

1 The assembly and

command ship serves

as a floating rocket

assembly factory and

as the mission control

facility. Rocket

Launching

components are

moved onboard for

assembly. The first

stage is joined with the

second and third, and

with the encapsulated

New Spin on Satellites: **Ocean-Based Blastoffs**

Venture Aims to Fully Use Earth's Rotation

By William J. Broad New York Times Service

Ver since 1926, when Robert Goddard, working in Auburn, Massachusetts, fired the world's first successful liquid-fueled rocket, the field has developed along the same general lines. Increasingly big and powerful vehicles have blasted off from dry

In recent years, these rockets have carried into space mainly communica-tion satellites, which beam telephone calls, beeper messages, computer data and television and radio programs around the world. In the next decade, analysts say, more than 1,000 new communication satellites are scheduled to be

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Now, a radical entry in the launching game is getting ready to blast off after an investment of more than \$500 million by companies in Russia, Ukraine, Norway and the United States. The team is joining inexpensive Russian and Ukrainian rocket gear with U.S. marketing and technical savvy. Boeing Co., the U.S. aerospace giant, owns 40 per-

cent of the joint venture. In October, the team's 20-story rocket is to rise from a floating platform in the Pacific and carry a communication satellite into orbit — a space-age first. Known as Sea Launch, the venture, if

successful, will be a technical feat that significantly boosts the payload weight that a rocket can carry by simply starting the trek in the right place.

By blasting off at the Equator rather than the higher latitudes where most spaceports are found, the rocket will get the maximum possible boost from the earth's rotation and follow the shortest possible route to an orbit 22,300 miles (35,680 kilometers) overhead. There, communication satellites turn in step with the earth, making them appear to hang motionless and easing links with ground antennas.

The launching will be controlled from a 660-foot (200-meter) ship that carries up to 240 people. The launching platform, made from an oil rig, can move itself around at speeds of up to 12

"We want to provide a low-cost alternative for launching satellites," Jim Albaugh, the president of Boeing Space Transportation, the U.S. parent of Sea Launch, said in an interview. "We get up to 30 percent more payload than launches from North America or Rus-

Last Friday, the team's control ship,

SITES

An extensive Sea Launch Web site is

www.boeing.com/defense-space/ space/sealaunch/

An article about previous Zenit booster rocket failures is at: www.flatoday.com/space/explore/ stories/1997/052097c.htm

made in Scotland by the Norwegian partner, left St. Petersburg, Russia, where a Ukrainian rocket had been loaded and Russian rocket-handling gear installed, and headed for Long Beach, California, the company's home

The launching platform, made in Norway, is being outfitted in Vyborg, Russia, and is to sail for Long Beach this summer for the first launching. Space experts say the venture has

some risk. But they add that the team and equipment are so strong that they will likely open a major new pathway into the heavens.

'It's very smart," said Marco Caceres, a space analyst at the Teal Group, aerospace consultants based in Fairfax, Virginia. "Most rockets are launched out of government facilities, and you have to wait your turn," at times for months or years.

Some arms-control advocates, as well as the Clinton administration, encouraged Sea Launch because it employs Russian and Ukrainian rocket makers that otherwise might pitch their wares and expertise to rogue states and

"It's rare that you find this kind of sweet technical fix to a lot of policy problems," said John Pike, head of space policy at the Federation of American Scientists, a private group in Wash-

THE TEAM'S Ukrainian rocket is known as the Zenit, a military rocket that Moscow had used for launching a wide variety of spy satellites. Its makers, the Yuzhnoye design bureau and Yuzhmash production plant, once made the SS-18, which the Pentagon dubbed "Satan." The dreaded black giant was the Soviet Union's deadliest weapon, able to deliver 10 or more nuclear warheads with great precision halfway around the globe.

Despite its newcomer status, the Zenit rocket of Sea Launch has already won important customers. Hughes Space & Communications, an industry leader, has signed up for 13 launchings, including the first.

That flight is to loft a five-ton craft meant to knit Brazil, Mexico and the United States together electronically. Sea Launch has sold five additional Zenit launchings to Loral Space &

The topic is politically sensitive be-

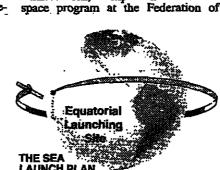
A satellite that is not launched from the

Earth's equator winds up with an orbit

TRADITIONA

LAUNCHES

inclined to the equator.



cause of Washington's ongoing inves-

tigations into whether aid that Loral and

Hughes gave Chinese rocket makers helped China improve missiles laden

with nuclear warheads, thus endanger-

But in this case, private specialists

say, there was probably little chance of

such aid because Russian and Ukrainian

rockets in some respects are superior to

U.S. ones, especially their engines.

"We do not have anything approaching Russian engine technology," said

Charles Vick, an expert on the Russian

ing U.S. security.

LAUNCH PLAN The Sea Launch consortium will be able to send satellites directly and economicall into an equatorial orbit.

American Scientists.

The boost that the rocket gets at the equator occurs because of the earth's eastward rotation. At the North Pole, this speed is zero. But it increases in a southward direction until, at the equator, the surface of the earth is moving eastward at more than 1,000 miles per hour (1,600 kilometers per hour).

launching

To take advantage of this rotational kick, most rockets carrying communi-cation payloads are fired due east if safety precautions allow.

VER time, the world's spaceports have pushed southward to take an increasingly large share of this free ride. The main Russian base, from which the first satellite, Sputnik, flew aloft in 1957, is located at 45.6 Canaveral in Florida is 28.5 degrees. And the European Ariane site, a mere 5.2 degrees above the Equator, was carved out of the jungles of French Guiana on South America's northeast

But even at the Equator, the boost of 1,000 miles per hour is a relatively modest aid since the velocity a rocket needs to get into orbit is 17,500 miles per hour.

Smart Pad: No Clicking, **No Pointing**

Scanning Device Permits Users to Bypass Mouse

By Bob Tedeschi

he lowly mouse pad, that desktop lackey, will soon receive a high-tech injection from a team of researchers at the Massachusetts Institute of Technology who have created a so-called smart mouse pad.

As its name suggests, the device will be much more than a runway for elec-tronic rodents. In fact, for many tasks, it would allow users to bypass the mouse altogether. Merely swipe an object over the mouse pad, such as a cordless phone, and it will connect you to a World Wide Web page with your personalized phone

Think of it as a supermarket scanner for your PC. While analysts say it may take a few years for the smart mouse pad to reach the mass market, it could bring; profound change to the way people access the Internet and perform everyday

computer tasks.

'It's an innovative concept and it has merit,' said Tim Bajarin, president of Creative Strategies Inc., a California high-tech consulting firm, "because ease of use and access are going to drive the Web into the consumer space."

Here's how it works: The smart mouse pad contains a read-write device that scans information that has been written onto electronic tags, or tokens, that are attached to consumer items. The mouse pad then tells the computer to find the Web page assigned to that item. It's instant information: No pointing, no click-

ing, no Web navigation whatsoever.

Practically speaking, one could place a bottle of aspirin onto the mouse pad, and immediately have access to infor-mation not just about that brand of aspirin, but that particular bottle.

'So you could find out if that bottle has been recalled, more information about dosages, whatever you'd like," said Henry Holtzman, a researcher at MIT's Media Lab who, along with Andrew Lippman and Michael Hawley, invented the smart mouse pad.

The pad runs on technology called "radio frequency identification," or RFID, that has actually been around for a few years. It is most commonly used for access control, as in mass transit. token cards that allow passenger entry when scanned.

The technology is still expensive. The "readers" that would be built into the mouse pads sell for about \$50, while

According to Mr. Bajarin, "The costs of the token would have to be extremely low, somewhere in the order of a penny or a half-cent, for it to be considered in the consumer's space. So they'll probably have to flush out some of the costs by selling it into the business sector first, then ride it down over time to consumers."

Mr. Holtzman said that along with Mr. Lippman and Mr. Hawley, he is starting a company to develop the smart mouse pad system and sell it. Should the smart mouse pad reach the masses, Mr. Holtzman said, consumers will find it more than just useful. "It's actually a lot of fun to throw things at the computer and have Web sites come up," he said. "It's great to play with."

SITES

Research projects undertaken by the MIT Media Lab can be found at: www.media.mit.edul

ALT /Commentary

Gadgets Galore in Japan, but How Useful Are They?

By Kathryn Tolbert International Herald Tribune

TOKYO - If you think of Japan as a country with advanced technology, try going out with the baby and using public transportation.

Subway stations with elevators are rare and most do not have escalators. To take the subway, you get a firm grip on the stroller, baby, purse and diaper bag and struggle down three flights of stairs through the crowds.

No one will interfere by offering to help, and few would step aside if it were not for the bulk and metal content of the descending stroller.

But once you have made it to the platform, look what technology can do. An electronic sign will tell you how many minutes away the next train is, and the one after that, too.

It will flash the word "Train" when the train is pulling into the station. Inside the car an electronic route will show where you are and as you approach a platform, one side of the car reads, "This door will open," while the other side says, "Opposite door will

So what's the problem here? Japan is clearly a country with impressive technology, but it's a shame that so much of it seems wasted. It's easy to get irked at the thought of

the nation's creative energy being poured into gadgets instead of making life easier and safer for the general pub-

High-tech conveniences are aimed at salaried males. If you try to go about Tokyo carrying a baby, or are in a wheelchair, or simply walking with a child, you are in 1960s Japan.

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Today, there are traffic signals here that can talk, saying, for example, "The light is turning green now.'

But at most intersections where people are trying to cross the street, there is only simple, unobtrusive white lettering on the roadway that says,

In this famously rule-abiding society, no one behind a wheel pays any attention to this decidedly low-tech warning. Not even a pause. There is no flashing sign, nothing to light up to indicate someone is trying to cross the intersection.

But there are cars on the road with digital maps mounted next to the steering wheel to guide the drivers through traffic. A friend mentioned that he suddenly remembered an errand he had to run and turned the corner, only to have his dashboard yell at him, "Wrong turn! Wrong turn! Turn around."

It's not just transportation that has the useless-technology bug. Bank teller ma-chines that literally launder money were introduced some time ago. ATM windows show a woman who bows after one has withdrawn money. There's an extensive line of "germ-resistant" goods for sale, from telephones to

memo pads. "Lovegety" is in the stores now, a palm-sized, oval-shaped radio device that beeps when someone who has a Lovegety programmed with compatible interests comes within range.

If you are not certain you will know when it's your cell phone that's ringing, because six others are ringing nearby. you can set your telephone to play one of 17 pieces of music, including "Hava Nagelah" and Beethoven's "Ninth Symphony."

High-tech toilets with a half dozen sprays and a warm-air dryer, along with a flushing sound to provide an acoustic cover for the shy, have been around for

Nothing is simply on-off here. Rice cookers have formidable looking panels that control the water and timing for white rice, brown rice, sticky rice, rice with seasonings and rice gruel.

Vacuum cleaners adjust for wooden floors, carpets and straw matting, with power sensitive handles that increase suction depending on how hard you



push. Air-conditioners have remote controls. Bus stops talk to waiting pas-But my favorite new useless tech-

nology is the talking refrigerator. Matsushita Refrigeration Co. just put them on the market to celebrate the 80th anniversary of Matsushita Electric Industrial Co. and sold 2,000 in May at 400,000 yen (\$3,000) each.

Like so many new high-tech products, it is advertised with a sentimental, idealistic catch phrase: "For the Earth's Future.' When we first heard about them, my

husband immediately liked the idea. He thought he could open the door and it would say, "You are getting low on beer," or "Honorable Patso. Please re-member your diet."

To be fair, most of the early rush of customers was attracted to the refrigerator's larger size. And many of the customers, according to a Panasonic sales person, didn't think the voice was necessary. A buzzer would do. In fact, the refrigerator says only

three things:
"The door is open." "The temperature is increasing. Don't open the door so much or stuff so much food in the refrigerator."

And, when the refrigerator is otherwise lost for words, "Please contact your customer service representative."

Kathryn Tolbert is deputy Asia editor of the International Herald Tribune

BRIEFLY

• U.K. AIRWAVES GO DIGIT-AL: Digital car radios will be available in Britain from five manufacturers this summer, the BBC said Wednesday.

The BBC, which has been transmitting digital radio for three years, said Bosch/ Blaupunkt, Clarion, Grundig, Kenwood and Pioneer would introduce the digital receivers this summer and autumn. Digital radio offers listeners im-

proved sound and stronger reception compared to analog radio signals. Unlike bulkier early models, the new digital units will fit in the space of a standard car radio set, although some will require a separate box that will sit on the floor or in the trunk of the car, the

(Reuters) BBC said. DON'T BLAME THE KEY-BOARDS: A federal jury has rejected claims by nine people that they suffered injuries from using computer keyboards

made by Digital Equipment Corp.

The decision, handed down Tuesday by a jury in federal district court in Brooklyn, reverses in part a 1996 verdict that was seen at the time as a significant setback for computer makers. But since then, computer makers have won a number of court victories against claims that use of keyboards contributes to a variety of arm. wrist and hand injuries.

Such ailments have become increasingly common in recent years. Still, lawyers have had a hard time proving in court that those injuries have been as a result of defects in the design of the keyboards. By Digital's count, juries have rejected liability cases against keyboard manufacturers in 30 out of 31

CLICK THE DICE: Over \$10 billion will be gambled on-line by 2002 as operators take advantage of the huge audience reach and cost savings of the

Internet, Datamonitor, a market analysis company, said in London this week.

*Casinos, lotteries and sportsbooks dominate the new market, allowing customers with an Internet connection and a credit card to gamble literally anywhere in the world," Datamonitor said. On-line gambling revenues in 1998 are expected to be \$535 million, rising

to \$955 million in 1999 and \$2.3 billion by 2000. "On-line gambling turnovers have the potential to dwarf those of other interactive services, tapping into an ex-

isting traditional gambling market val-ued at over \$700 billion in Europe and the U.S. alone," Datamonitor said. Datamonitor said concerns about the legality of gambling on-line in the United States would help Europe gain market share and drive up its revenues

to \$3 billion by 2002.

 E-CLAIMS: Aetna Inc., a U.S. insurer, is encouraging physicians in its health-care network to file claims and get authorization for referrals electronically.

The new system, called B-Pay, will allow doctors who file claims electronically to be paid within 15 business days. The system will first be available to doctors in New Jersey and New York in August, and will be introduced nationally in 1999. (Bloomberg)

MICROSOFT, CHAMPION OF CHOICE: Bill Gates defended Microsoft Cosp. on Wednesday as a champion of consumer choice as he appeared in Tokyo to announce the July 25 introduction of the Japanese version of Windows 98 software.

Mr. Gates made no direct mention of the legal battle with U.S. regulators, who accuse Microsoft of "anti-competitive and exclusionary" practices. No such qualms are held by Japanese regulators.

PA

EDITORIALS/OPINION

Don't Silence Chinese

There is a disturbing quality to China's preparations for next week's visit by President Bill Clinton. Chinese leaders are so eager to project a sanitized picture of political harmony to a global television audience that they have been harassing democratic dissidents, preventing Chinese-Americans from visiting their families back home and blocking distribution of a book featuring American journalistic accounts of Mr. Clinton's alleged sexual indiscretions.

These actions do not, as intended. advertise Beijing's growing impor-tance as a world capital or the confident consolidation of power by a new leadership since Deng Xiaoping. Instead they remind the world how far China still falls short of international standards of political freedom and how nervous its leaders remain about spontaneous political expression by their

China's leadership sees the first trip to Beijing by an American president in more than nine years as a major event. 'In Chinese eyes, Mr. Clinton's presence will ratify China's status as a world power and symbolize its full return from the international isolation

that followed the 1989 massacre of democracy demonstrators in Tiananmen Sonare. Beijing also seems to anticipate substantive accomplishments from Mr. Clinton's meetings with President Jiang Zemin, although that seems unrealistic given the concerns in Washington over alleged Chinese donations to the 1996 Democratic presidential campaign.

The importance that China's leadership attaches to the Clinton visit has left it particularly anxious about unscripted events. China's great fear is that democratic protesters will capitalize on the presence of a large international press corps to publicize their cause. That is just what happened during the early weeks of the Tiananmen Square demonstrations, which coincided with a historic visit to Beijing by Mikhail Gorbachev, the Soviet leader.

Americans, and much of the rest of the world, will not judge China fa-vorably for enforced silence on its streets. What would impress them far more would be a return to the slightly increased tolerance for political debate that began to appear in China earlier this spring.

-THE NEW YORK TIMES.

Balkan Prevention

NATO, which was painfully slow to intervene in Bosnia, is stepping up the pace in Kosovo. A large show of force in an air exercise over Albania on Monday was accompanied by a warning of a further military response "of a qualitatively different order" if Serbia ig-nored the NATO political agenda. At once Serbian President Slobodan Milosevic, after consultations with his patrons in Moscow, made a political offer of his own. So there are the first hints of a break in a gathering crisis that threatens to wreak terrible damage in the Serbian province of Kosovo and in the region beyond.

The conditional nature of the Milosevic response, however, dictates wariness. In welcome words, he said he would open political talks with the leaders of Kosovo's ethnic Albanian majority and admit international monlitors. But the key demand of the United States and its five allies in the "Contact Group" was for a cease-fire and the immediate and unqualified withdrawal of Serbian soldiers from the streets of Kosovo's restless towns. Instead. Mr. Milosevic offers to pull back troops only when "terrorism" — his word for armed Kosovar resistance to his repressive rule - ends. Meanwhile. the Serbian military remains free to continue the devastating attacks that have killed hundreds of Kosovars and displaced tens of thousands in an evident Serbian effort to depopulate areas of

the province adjoining Albania. The Western nations in the Contact Group hesitate to take part in the further dismemberment of the rump Yugoslavia, of which Serbia and its province of Kosovo (and Montenegro) are parts. The West does not now support an independent Kosovo. But an increasing number of Kosovars apparently do, and seem to be moving away from the nonviolent policy favored by their leadership up to this time.

The United States faces an immediate requirement to make good on the Contact Group's ultimatum to Serbia to halt its military drive. That would seem to require not just a show of force but the employment of force to stop the "ethnic cleansing." With that comes a requirement to move the Kosovo conflict into political channels. The early and sure-handed beginning of such a process is the key to containing the explosion of Kosovo.

-THE WASHINGTON POST.

Starr Keeps Talking If the art of public relations were a asked a federal court to look into Mr.

handgun. Kenneth Start would have Start's contacts with the press, the quesbeen footless long ago. The independ- tion of Mr. Starr's conduct is already ent counsel has a perverse gift for talk- before the proper forum. Judge Norma ing when he should remain silent and for saying all the wrong things when he ppens his mouth. An interview in which he confessed to giving information to reporters is the latest of his golden bloopers. The interviewer, Steven Brill of Brill's Content magazine, argues that Mr. Starr broke the law against disclosure of grand jury information, and the White House weighed in with its usual pitch for investigating Mr. Starr rather than President Bill Clinton.

In tracing coverage of the Monica Lewinsky story, Mr. Brill makes telling points about journalistic excess and Mr. Starr's clumsiness. But he also loads his legal argument against Mr. Starr and seems naive about White House spin.

There are, for example, federal court decisions that support Mr. Start's contention that he can discuss matters that do not come directly from grand jury testimony. Justice Department rules do allow prosecutors latitude in talking about investigations and in defending against calculated attacks like those orchestrated by the White House, Mr. Brill documents Paul Begala's decision to hit Mr. Starr with a "food fight" over leaks, and Lanny Davis's determination to divert attention from what the president's secretary said about Ms. Lewinsky's contacts with the White House by starting "a fight about the

process and the prosecutor. Such tactics, of course, inhibit rather than promote the public interest. In that regard. Mr. Start needs to produce his report to the House of Representatives and bring any appropriate indictments. and Mr. Clinton needs to countermand his lawyers' strategy of delay. Since one of those lawyers. David Kendall, has

Holloway Johnson has jurisdiction to discipline Mr. Starr if he has broken the rules, or Mr. Clinton and Attorney Gen-

eral Janet Reno can dismiss him. But the political situation remains fixed where it has been for some time. Mr. Clinton's leadership stature has declined steadily for definable reasons: deceptive or missing answers about his personal and campaign finances, his response and that of his associates to legal inquiries, his own abandonment of the plan to explain his mystifying dealings with Ms. Lewinsky. The Independent Counsel Act is often described as too far-reaching. But Mr. Start has demonstrated that even being armed with it is no guarantee of getting the truth from this administration. -THE NEW YORK TIMES.

Other Comment Saddam Springs a Surprise

The intriguing question is why Sad-dam Hussein has suddenly decided, if indeed he has, that the time has come to abandon his covert weapons program. Are the sanctions undercutting his power base within the security forces and the Ba'ath Party? Has mass frustration reached a point where the regime feels threatened? Or does Iraq think it has hidden some of its covert weapons

so well that no one can find them? Saddam Hussein may be lying about his intentions. Or, looking at the increasing strength of his enemy Iran, he may have decided that the time has finally come to start reconstructing his enfeebled economy.

Los Angeles Times.

Herald Eribune

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More Damage From Fickle Global Capital Flows

reminded once again that erratic shifts of global capital flows are the curse of the world economy. As investors, bankers and currency traders seek the highest returns, their flights in and out of countries and currencies amplify booms and busts.

Japan is the latest example. Capital is fleeing from recession, a stagnant stock market and low interest rates. Yen are sold and dollars bought as investors shift into dollar deposits, bonds or stocks. So the yen's value has sunk.

All this deepens Asia's economic collapse and imperils the American and world economies.

Asian nations are all trying to export their way out of crisis. They cannot export more to each other (30 to 40 percent of their usual markets), and continuing currency depreciations increase the debt burden.

It is wrong to blame Asia's crisis exclusively on rampaging capital flows. For example, Japan's recession reflects its dependence on export-led growth. In the 1990s, exports (and related business investment) weakened; unfortunately, no other source of demand has emerged to replace it. But Japan was shoved from stagnation into slump by Asia's present crisis, which started with the fickle flows of foreign capital into Thailand, South Korea, Indonesia and other Asian countries.

First came floods of money that could not all be wisely invested. From By Robert J. Samuelson

1990 to 1996, capital inflows to Asia's "emerging markets" exceeded \$400 billion, says the IMF. The funds arrived as direct investment (buying companies or building factories), bank loans and stock and bond purchases. Booms ensued as dollars and yen were converted into local currencies and spent. Then capital inflows halted as it became clear that the funds were going to build unneeded plants and offices. Countries

were left with huge overseas debts. The free flow of capital should, in theory, benefit everyone. Poor countries get funds to modernize; investors in wealthy countries (through banks, mutual funds and multinational companies) earn high profits. But the-

ory and practice have diverged. For the theory to succeed, at least three conditions must be met: (a) Economic information must be accurate: otherwise, poor investments will be made; (b) risk and reward must be aligned; if investors don't fear possible losses, too much money will go into the riskiest investments (which promise the biggest profits); and (c) there must be some financial "safety net"; without it, speculative excesses could trigger a financial panic.

All these conditions are weak in global financial markets, as a study by Morris Goldstein of the Institute for International Economics makes clear.

Good information? It was spotty. Japanese, European and U.S. banks were lending to Thai and South Korean banks, but these banks were much weaker than official government re-ports indicated. In 1996, Thailand did not disclose information about its banks' poor loans. In South Korea, the government said bad loans were 1 percent of the total; private estimates rang-

ed up to 30 percent. Bad information was compounded by the belief by many investors that they would be protected against losses. So they made too many risky investments. Some individual investors actually did suffer huge losses, as Mr. Goldstein shows. From June 1997, just before the crisis broke, to May 1998, stocks dropped by 50 percent in South Korea and 40 percent in Indonesia.

But the Japanese, European and U.S. banks that made bad loans have largely escaped losses. They have been protected by emergency loans organized by the IMF. These loans have partly repaid foreign banks. Many other debts have been renegotiated on terms favorable to the banks.

The main reason the IMF has shielded banks, says Mr. Goldstein, is fear of a panic. If banks suffer losses in Asia, they might call in loans to other countries. At year-end 1997, banks in rich countries (mainly Europe, the United States and Japan) had almost \$1 trillion in loans to poor countries (their banks, firms and governments), esti-

mates the Bank for International Settlements. A general flight of foreign capital could plunge Latin America and Eastern Europe into the same desperate condition as Asia.

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Some economists think that nations should limit dependence on short-term capital - money that can be easily withdrawn. For example, Chile now requires foreign investors to put 30 percent of their funds in non-interestbearing deposits for a year. The aim is to deter short-term speculation by making it unprofitable.

Perhaps such controls can prevent future crises, or perhaps not. Controls can be evaded. Global money moves so easily because trade, travel and communications have grown so much. Investors have many ways to switch currencies, stocks and bonds.

Even if controls might help in the future, they can't help now. To paraphrase Ross Perot, what we are hearing is the sucking sound of money leaving Asia. It is fleeing depression and recession. Only the brave (or the foolish) see investment opportunities.

There is a spreading implosion of economic activity. Too many countries face high interest rates and scarce capital. Too many strive to recover by exporting to the same markets. Expansion of the world economy depends more than ever on the U.S. boom. How long this can continue is a worrying question.

Washington Post Writers Group.

Wake Up to This Chance to Prevent Disaster in Russia

By James H. Billington

MOSCOW — Both the greatest opportunity and the greatest danger for the United States internationally may well lie in Russia.

The recent financial turmoil and labor unrest are signs of danger. The West's response, yet another IMF bailout, shows that we are helping the reformers fight, and sometimes win, battles.

But we are not winning the war. And we may not even have a strategy, because we have not understood the extent and depth of either the material transformation or the spiritual demor-alization of the Russian people

since the fall of communism. During a week of discussions with intellectual and political leaders in Russia, I found an alarming degree of fatalistic expectation that Russia is heading in an authoritarian direction, raising fears here that a nationalist dictator could come to power in the next two years. 'He would be more like Ivan the Terrible than Peter the Great," predicted the leader of a Ukrainian province who was re-

cently elected as a Communist. The most recent broad poli of ssian public opinion seems to bear out this bleak assessment. When asked "What idea could unify Russian society?' more Russians endorsed "the idea of Russia as a mighty world power" (35 percent) than the combined total of communism, socialism, democracy, capitalism, Russian uniqueness and religion (32 percent altogether). The danger is that some new leader, feeling the popular re-

sentment, would end up playing news that makes this a time of a role akin to that of Slobodan Milosevic in Serbia. The leader of Russia, however, could be brandishing or distributing weapons of mass destruction in

of order in Eurasia. Having barely contained chaos and violence in the former Yugoslavia, a relatively small country in the heart of Europe, the West would be unlikely to do much of anything at all about a larger mess in an even more remote region.

the midst of a general meltdown

America has fought five wars in this century, all basically to prevent authoritarian power from gaining control of Eurasia. Having won the Cold War, we may be in real danger of losing that older and more basic

America has long been a model, but it is losing its luster in Russia.

struggle to help freedom prevail over tyranny in the world's

largest landmass.
The sad fact is that Russia's ambitious project of democratization still lacks popular legitimacy. It is facing elections (for the Parliament in 1999, the presidency in 2000) without a single unified party, an agreedupon reform presidential candidate or an appealing vision. Fortunately there is good

new opportunity for the West. Despite the outrages and inequities of "robber baron capitalism," self-help and prosper-

ity are growing.

Moscow and St. Petersburg are boom towns. Governors and mayors are finding ingenious ways to raise money and provide services that are no longer coming from the central government. According to the head of a leading research institute, one out of three residences in the countryside has been built in the last 10 years as much as had been built in the preceding 40 years.

The West has been given a new and golden opportunity to help secure the interior Eurasian heartland for democracy and development. Russia now has, for the first time, a thoroughly reformist leadership that is unencumbered by Soviet methods and habits.

The 35-year-old prime minister, Sergei Kiriyenko, his 38year-old deputy and mentor, Boris Nemtsov, and other youthful new ministers give Russia a chance for a fresh start.

There is time, just barely, to turn the present mood around before the elections. Russia has the world's largest and most varied supply of untapped natural resources, and a technologically literate population with rising consumer de-mands. The rising Russian gen-

eration has an open and internationalist perspective. Russians throughout their

history have tended to use their cannot multiply small programs main Western adversary as a secret model. They took religion and art from Byzantium in the 10th and 11th centuries, their first modern government struc-ture from the Swedes in the early 18th century, and their economic organization from the Ger-

mans in the early 20th century. The United States has long been a model. It is seen pragmatically as the most relevant and successful example of what Russian leaders are trying to create: a continent-wide federal democracy and market economy in a multicultural, largely open expanse on the periphery of European civilization.

But America is losing its luster -- and its opportunity -

It's high time for a major American project to help develop Siberia.

in Russia. Young Russians who idolized America and rather liked its openness and passion for extroverted bigness now see that the United States has done relatively little for them.

Russians recognize that they have not created the best conditions for foreign investment. But they feel humiliated that China is now getting more than 10 times as much American investment as their own struggling democracy.

Few people have ever suffered in peacetime as rapid and extensive a decline of power and standard of living as did the Russians after the collapse of communism.

The Russian people tend to put up with difficulties for a long time before suddenly exploding. There is smoldering discontent just beneath the surface. The many varieties of fascism have all arisen out of disillusionment with a failed democratic experiment.

Under almost any of the many possible scenarios for an authoritarian takeover, the resentment needed to support it would be directed against the United States. America would become the focus of the fury that comes from unrequited love.

Democratic reformers both in the government and in the opposition recognize that Russia has to solve its own problems. They seem neither to expect nor to want substantial financial aid. But they wonder why America that have proved their worth over the years. Alexander Yakoviev, an au-

thor of perestroika under Mikhail Gorbachev, said the most important thing the West could do was "speak to and get to understand a far wider range of the Russian people." I found universal enthusiasm

for two ideas that would not take much public money.

The first is to bring a genuinely large number of young Russians - the entire cohort of new leaders, especially those from the provinces - to spend time in the United States so that they can learn how democracy and civil society works.

So far, exchange programs have amounted to little more than tokenism, even though they have worked extraordinarily well.

Bringing large numbers of Russians to the United States avoids the patronizing syndrome of sending Americans to Russia to tell the Russians how to run their lives.

Only 1.5 percent of the Marshall Plan was spent on bringing young Germans to the United States after World War II, but it was decisive in building a new democratic Germany.

"Most of us," one brilliant young Russian leader proclaimed, "don't really believe your kind of system can work, because we haven't seen and

felt it for ourselves. But some dramatic demonstration is also needed inside Russia of creative capitalist development. I found genuine excitement about the idea that the United States might begin its long-overdue major investment in the emerging Russian market with a key project or two that would reflect a broader American commitment to help Russia

develop Siberia. That vast region has enormous symbolic appeal for Russians. They view Siberia as the still-unspoiled spiritual heartland of Mother Russia. But they fear that China will eventually take over much of it.

Americans have the knowhow (and plans in the files of many corporations) to develop this unparalleled repository of resources, and could do it in ways that would protect the environment

The writer, the librarian of Congress and author of the forthcoming book "The Face of Russia," contributed this comnient to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Naval Balloons

NEW YORK - Balloons are going to play an important part in the work of our navy around Cuba. Recent experiments in Germany, France and Russia have emphasized the importance of the captive balloon in widening a fleet's powers of observation. With the modern equipment of long distance or telescopic photography, it is possible from a base so steady as one of these balloons to take pictures of the enemy's coast, forts and the locations of his vessels and his vulnerable positions.

1923: Slow Telephone

LONDON - The well-heralded improvements recently announced in the British telephone service met with a severe showdown when two passengers from London to Hythe had a telephone call put in to tell friends they were coming by aeroplane.

and the aeroplane arrived at its destination five minutes before the call got through. The call was put in before the plane left the aerodrome.

1948: New Money FRANKFURT - The Amer-

dethroned this weekend. A new German money will replace the cigarette as the popular and negotiable medium of exchange in western Germany. In the twilight hour of its reign, the cigarette is enjoying a final and complimentary bull market. Today [June 17) the ordinary ten-cent pack-

The Envoy's Business Is Business

WASHINGTON — The American ambassador's office in Paris functions as a barometer of the interests of American presidents, making it a Rorschach test for U.S. diplomacy. It is permanently stocked with enough opu-

lence, elegance and headaches

in dealing with the French to

let an ambassador make of it what he or she will. In the worst Cold War days, U.S. presidents wanted a politically attuned ex-general like Jim Gavin, or a tested diplomat like Chip Bohlen or David Bruce, in the pivotal post, Ron-ald Reagan often did not seem to care, or know, which campaign contributor was nominally in charge. George Bush wanted an upper crust pal,

Walter Curley, to schmooze with on the telephone. What do Bill Clinton's Paris appointments tell us?

His first ambassador, the late Pamela Harriman, brought to the ambassador's mansion glamour, high society charm and a shrewd instinct for manipulating the powerful.

In his second term, the president went against the advice of Mrs. Harriman, who wanted a career foreign service officer to succeed her, and picked Felix Rohatyn, the liberal New York investment banker who spent World War Il as a child refugee in France before coming to the United States and eventual fortune.

Personal wealth is one of

the characteristics that unite

the Clinton choices of Har-

riman and Rohatyn. The ex-

pense of living and entertain-

ing, ambassadorial style, in

Paris today may help explain

that. They also both provided

By Jim Hoagland

campaign help and contributions of unequivocal size and nature to candidate Clinton, and they both put a stress on hard, constant and visible work, as does their political benefactor.

Today business is the business of the U.S. ambassador in Paris, more than social life or traditional diplomacy, Mr. Rohatyn told me unapologetically in Paris recently.
"The world today is driven

at least as much by private sector forces and information beyond government's control" as by traditional government-to-government contacts and routine, he said. "I want to make sure the embassy is covering its markets. Europe is happening in the cities that are the business capitals of developing economic regions."

The ambassador is not alone in putting a laser beam on the subject of commercial rivalry as a growing force, and danger, in French-American relations. Speaking to French business leaders in Angers last week, President Jacques Chir-ac expressed his "fears that the United States will now seek to make up trade losses in Asia by turning its exports toward Europe ... producing Euro-American tensions in

the next two years. U.S. officials are concerned that France and other European countries will be tempted to exploit the commercial vacuum created by the heavy use of economic sanctions by the U.S. Congress. The political fallout in Washington of European efforts to lock up markets in sanctioned nations

like Iran, Cuba, India and elsewhere could be devastating. Mr. Rohatyn nonetheless believes that the long-term

trends for cooperation with

Europe are favorable — if the

United States responds in its

diplomacy to the decentralization of power and opportunity that the personal computer and other economic and technological trends are creating on the old continent. He hopes to push a few embassy officers out of Paris into small offices in new regional centers like Lyon or Lille, where they would concentrate on business opportunities. And he has been the guiding force

in establishing the French-

American Business Council.

which brings together about 25 high-powered chief executive officers from each nation to lessen commercial tensions that would harm their increasingly intertwined businesses. The business council gathcred for the first time this week in Washington in conjunction with a visit by Prime Minister Lionel Jospin, a moderate Socialist. His commitment to calming France's troubled industrial relations seems congenial with Mr. Rohatyn's

long-held view that positive

change between labor and

management must come from

center-left political leadership. Mr. Rohatyn courts Mr. Jospin with a constant stream of policy ideas and hard economic acumen, where Mrs. Harriman used soft diplomatic charms to advance U.S. interests. Taken together, Mr. Clinton's ambassadors to Paris encompass this most Protean of presidents and his many competing interests.

The Washington Post

PJ:003 ican cigarette, long the king of the German black market, will be

Richtist Matterns

. .

age of American cigarettes was being quoted on the Frankfurt "black-market alley" at 300 reichsmarks (\$30 at the official rate of exchange). But this is due to end Sunday [June 20] when the currency reform for the American, British and French zones becomes official.

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OPINION/LETTERS

U.S. Policy: Kowtow to China, Hector Japan, Dismiss India

PARIS — In 1792 King George III sent an ambassador to the emperor of China, a certain Lord Ma-cartney, to demand that China end its restrictions on Britain's China trade. Lord Macartney was escorted to the Manchu summer capital under banners proclaiming that he and his entourage were for-

eign "tribute bearers."
President Bill Clinton will shortly arrive in China under what amount to the same banners, since he intends to be received by Chinese officials in Tiananmen Square. Neither Mr. Clinton nor his

staff seem to grasp that after the bloody suppression of Chinese dissenters around Tiananmen Square nine years ago, and the subsequent international campaign of reprisals against China led by the United States, the symbolism of an American president's appearance there is

Why is China more worthy of Washington's respect and attention than Japan?

what Chinese in the past would have described as performing a kowtow.

Webster's defines this as kneeling and touching the way of homage, worship or to China.

Mr. Clinton says he should how they receive him in their country. However, Lord Macartney, when he was received by the Chinese emperor, stiffly refused the the emperor's officials that he represented a sovereignty to no foreign authority.

Mr. Clinton, too, could just would understand. An important message would have been conveyed, and received. ::

ton administration officials. American prosperity -- while they reply, "But what if the having its own improvidence president says something im- financed by Japan's purchase portant at Tiananmen Square of U.S. Treasury bonds. about human rights?"

opinion outstrips that of the condemned as war criminals. Chinese, even when speaking in China itself, to Chinese and to Asian audiences.

This is extraordinarily

By William Pfaff

Meiji Restoration of 1868 (inspired by anti-foreign

sentiments). Why is China more worthy

of Washington's respect and attention than Japan? There is

no comparison between the

two as present, or future,

orities set in Washington?

Why is China given deference, Japan scornful criticism

and India America's condes-

cension? America's voters

are owed an answer to these

questions, quite as much as

those Asians who are affected

International Herald Tribune.

Los Angeles Times Syndicate.

by Washington's policies -

and prejudices.

lating the American press and television, at which they have been very good indeed.

However, China — and
Asia in general — is politically and morally light-years from self-absorbed and me-

dia-obsessed Washington. It is pure hubris for Mr. Clinton's people to think that the Chinese will not be able to impose their own interpretation of the concession Mr. Clinton makes to them by participating in a ceremony at Tiananmen Square. I do not write this as

someone who thinks China should be isolated, even if that were possible. The United States should have correct, "normal" relations with China.

I sympathize with the Clinton administration's resistance to subordinating political and commercial relations with China to Congress's erratic if persistent efforts to dictate how other states should conduct their internal affairs.

The administration's business-driven China policy may not be very edifying, given Washington's proclaimed commitment to global human rights, but such is American realpolitik. Telecommunication satel-

lite and other high-technology sales to China are big money. Manufacturing there profits U.S. investors. But the kowtow is a grave error even "the prostration made by as part of a policy of commercial, or political-commerforehead to the ground ... by cial, "realism" with respect The unwillingness to be

candid with China makes a not dictate to China's leaders striking contrast with Washington's determination to bend Japan to its will. In recent months, and in certain respects over several years, there has been a drumbeat of protocol kowtow, informing American demands that Japan change its economic, fiscal and commercial policies. whose representatives knelt and even that it change its domestic economic system.

For many Japanese, what say "no," very politely: sug- in the 1980s was taken as a gesting that the Chinese gov-legitimate conflict with the ernment will understand that United States over economic the arrangement it proposes is ideas and priorities today inconvenient. The Chinese seems an intolerable set of pressures. The United States is seen as wanting to dictate the economic terms of Asian When one says this to Clin- sacrifice for the sake of

The result has been an im-It is clear the president in- portant rise in anti-America tends to make such a state- anism in Japan and the emerment. This means the pres- gence of a significant ident and his associates are revisionist current of thought convinced that their ability to regarding World War II and manipulate press and public its leaders, who were formerly

Japan's history demonstrates that it is capable of abrupt and profound reversals of national direction - as happened in 1945, after de-

BONN — Well before Alfred Kazin's death on June 5, people in the universities had stopped reading his books, just as they long ago stopped reading Edmund Wilson and Lionel Trilling.

It is not hard to understand why.

Mr. Kazin, like Messrs. Wilson and Trilling, was regarded as a fossil, his preoccupations no longer relevant to current academic "debates."

Asian powers. Why should India, a de-Mr. Kazin was indeed a relic, from mocracy that considers China an era when professors cared about a military threat, have been literature, not literary theory. Mr. treated with such indifference Kazin also had the quaint idea that or even hostility in Washingnovels mattered, that they illuminated the central social issues and ton (since long before the Clinton administration) that it moral dilemmas of a country's hisdecided to exercise its nuclear tory. Hence he believed that critics option, enormously increasought to avoid jargon and speak ing the military stakes in its border rivalries with both China and Pakistan? clearly to ordinary readers as well as to the politically powerful. How are Asian policy pri-

Scholars today — especially in English departments, both in America and Europe — no longer think, as Mr. Kazin once did, that they need to address the outside world. Their interests have narrowed and their America's history and literature. prose style has become unintelligible. Few of them would want to write a book like Mr. Kazin's "On Native Grounds," his passionate and panoramic interpretation of modern inferior to Europe's. American writing, published in

By Richard Pells

1942, when he was only 27 years

old.
"On Native Grounds" was both a debut and a tour de force. Mr. Kazin wrote as if nothing, not even World War II, was more imperative than deciding how one felt about Hem-ingway, Fitzgerald or Faulkner, as if

MEANWHILE

in their work one could uncover the nation's hidden meaning and destiny. He infused his book with a lyrical sensitivity to the American past. But he also insisted on the novelist's contemporary importance, especially as a critic, to the larger society. Yet World War II transformed

Mr. Kazin's life. He became a leading member of a brilliant generation of intellectuals, dispatched by Washington to teach Europeans about The fact that Americans should be instructing Europeans about any-

thing was a reversal of the long-held notion that America's culture was

major participant in, the creation of a a triumph could be achieved only by new balance of cultural power that betraying one's ethnic roots. has not shifted since. "A Walker in the City" is about

Alfred Kazin and an Important American Voice

احكذا من الاحل

He remained ambivalent about the a child of immigrants, his parents the 20th century. having fled prerevolutionary Russia for an impoverished Jewish ghetto in Brooklyn.
In "A Walker in the City," pub-

lished in 1951, Mr. Kazin re- as they were when membered what it was like to be half-century ago. suspended between the ancient cul-

had an overpowering ambition to their loss. conquer Manhattan, the mythical city of the "gentiles."

grimage from Brooklyn to Manhattan was a rite of passage from im- Loved, Hated and Transformed migrant poverty to success, often more material than spiritual, in 11." He contributed this comment to Mr. Kazin was present at, and a America. But he knew, too, that such the International Herald Tribune.

He kept writing until the end of his the psychic strains and sense of life about America's literature and loss that attend the journey from its political life. Though fascinated outsider to insider, alienation to asthe nation's dynamism, he was similation. And it captures the exoften acerbic about the uses of perience of all immigrant groups in American power.

America, from the Europeans in the late 19th century to the Asians United States in part because he was and Latin Americans at the end of

> Mr. Kazin's portraits of the cultural tensions between America and Europe, and between the immigrants and America, are as pertinent today as they were when he wrote them a

Just as important, Mr. Kazin had ture of his parents and the allure of America.

As a child, he recalled, he had always felt duplicitous. He longed to be faithful to the content of the faithful to the faith be faithful to the customs, language or stylistically elegant. That they and religion of his forebears. But he no longer care about Mr. Kazin is

The writer, a Fulbright professor Mr. Kazin understood that the pil-image from Brooklyn to Manhat-"Not Like Us: How Europeans Have American Culture Since World War

AMERICAS

BOGOTA BUENOS AIRES CALI

CANCUN

CARACAS

CHICAGO CIUDAD GUAYANA

COZUMEL DALLAS GUADALAJARA

IXTAPA LOS ANGELES LOS CABOS

MANAGUA

MEDELLIN

MARACAIBO

MEXICO CITY

MONTREAL

RIONEGRO*

SÃO PAULO TORONTO

EUROPE

AKMOLA AMSTERDAM

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BELGRADE

BUCHAREST BUDAPEST

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PARIS

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TASHKENT

VIENNA WARSAW

ZAGREB ZURICH

ASIA PACIFIC

BANGKOK BROOME CHENGDU

COLOMBO JAKARTA

SHENZHEN* SINGAPORE

TOKYO YOKOHAMA

ABU DHABI

HURGHADA

PETRA*

LUSAKA NAIROBI

VICTORIA FALLS

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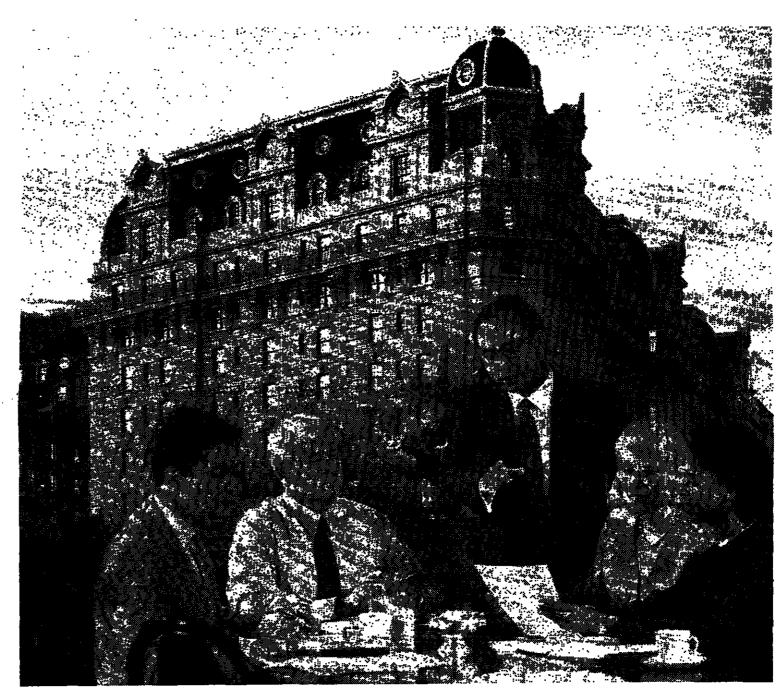
PUERTO VALLARTA

SAN FRANCISCO SAN JOSE

SAN PEDRO SULA SAN SALVADOR

SANTIAGO SANTO DOMINGO

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rash, or naive, and is based on their experience of manipu- feat, and before that in the LETTERS TO THE EDITOR

We Need a 'Uno'

out of the yen prove once ocide, war crimes and crimes more that a global economy against humanity. requires a single global currency to prevent chaos? With a single global currency, the should include the possibility in the Asian stock markets and reparations.

panicky flight of capital.

It is absurd that the currency of a country with a huge trade surplus - Japan should collapse while that of should remain strong.
 Money should, after all, be

and would not have seen the

a steady measure of value, not a commodity in itself. How would international trade fare if the weight of the kilogram were different all over the world and changed drastically from day to day?

We Europeans are on the right track with the euro, the uno, or whatever, if we are and speculation.

RAINER ESSLEN.

Avignon, France.

an international criminal court vestigation is a purely politin an age of wartime brutality, ical maneuver by right-wing Canada's foreign minister focuses on the security of ordinary individuals.

That worthwhile objective of the current United Nations

conference, which is meeting in Rome to create such Regarding "Japanese Rush court, will not be fully to Convert Yen to Other Cur- achieved without the creation rencies" (Finance, June 16): of a mechanism to allow re-Doesn't the current flight dress for the victims of gen-

Redress, which will be dedebacle in Asia would have of rehabilitation of the sur-been confined to corrections vivors as well as restitution

For those who care enough, a just and effective international criminal court must not only try and, if appropriate, punish those who have escaped responsibility at the nathe United States - which is tional level for their heinous running a huge trade deficit crimes. It must also provide redress for their victims. HARRIS O. SCHOENBERG.

> The writer is director of UN affairs at B' nai Brith In-

Rightist Maneuver

It seems unbelievable but the world must go on to that a nation would even consider impeaching its leader to overcome the vested in-terests in money manipula-have had a sexual affair with tion and in currency trading a consenting adult and then and speculation.

lied about it (which any gentleman would do).

To compare this with Watergate is ridiculous, since Watergate involved Regarding "Without Justice. No Security for Ordinary People" (Opinion, June 16) by Lloyd Axworthy:

In discussing the greatics of

In discussing the creation of "independent" counsel's inforces to eliminate a popular president whom they could not eliminate at the polls.

NORMAN NAROTZKY.

INTERNATIONAL

By Carol Pineau

Special to the Herald Tribune

President Bill Clinton to President Is-

Continued from Page 1

man, resident fellow at the American

much more volatile and much more un-

have been slighting foreign affairs.

Zbigniew Brzezinski, who was national

chord," Mr. Brzezinski said. "Congress

Enterprise Institute, "making the debate mind, is opposed by a small majority.

security adviser to President Jimmy Carter, time" in its views - consistently in-

said that both Mr. Clinton and Congress ternationalist, if reluctantly so, and

It's domestic affairs, and he struck a of leadership are equitably shared.

'We have a president who got into anxiety about what this global economy

neighbors escalated, a cloud of fear had Ethiopia.

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predictable."

BRITAIN: Inflation Breeding New Fears Continued from Page 1

there are indications that people are pay-

the deep recession of the early 1990s, the prospect of a significant slowdown poses a big risk to the Labour gov-ernment. Prime Minister Tony Blair's ployment benefits rose by 1,700 to 1,364 record popularity is widely attributed to million in May, the first rise since Febthe robust economy he inherited, and the ruary 1996. The opposition Conservagovernment is counting on continued tive Party seized on the figures as a and agricultural wings are very much for growth to make its key welfare-to-work violation of Labour's election promise LMF, but not his social wing. government is counting on continued policy a success.

The rise in earnings was also expected to fuel demands for pay increases for eling," said David Willets, the party's nurses, teachers and other public-sector employment spokesman. The dilemma for Britis strike over pay that idled the London is that the economy retains considerable Underground transport system on momentum as it enters its sixth year of Monday and Tuesday.

This is the last thing that Labour wage and price pressures continue to wanted," said Richard Jeffrey, chief mount. Unemployment remained uneconomist at Charterhouse Tilney Se-changed in May at 4.8 percent, while the curities Ltd. "If interest rates go higher and unemployment starts to increase, the surveys used in Continental Europe stood track. supports funds for the UN. government will inevitably get blamed at 6.4 percent, far below the European average of 10.2 percent.

Britain's combination of rising inflation and slowing growth also con- Bank of England, conceded Tuesday that trasts sharply with most of its European partners, which are enjoying accelerating growth while inflation remains year in the belief that growth and inflation dormant. That divergence will complic- would ease. Other members of the monare government efforts to prepare the country for entry into the single Commons committee that the unemploy-European currency early in the next de-

cade, analysts said. The Office for National Statistics reported that average earnings rose 5.2 percent in the year to March, up from 4.9 percent in February. The figure hid a year of a minimum wage and a decision huge disparity as private-sector workers last week by Gordon Brown, the chansaw their pay rise 5.9 percent on average cellor of the Exchequer, to increase pubwhile public-sector workers got just 2.5

percent. **Employment Minister Andrew Smith** said the figures provided "serious cause for concern" and called on workers and employers to adopt more-moderate pay

But John Entwistle, president of the economist at Morgan Stanley Dean Wit- that Americans are increasingly looking British Chamber of Commerce. dis- ter in London.

Clinton's Phone Calls and Italian Diplomats Helped Get Truce

Ban on Air Raids Brings Some Relief to Eritrean Capital

ASMARA, Eritrea — On the streets saias Afwerki of Eritrea and Prime Min-

of Asmara, one can again hear the ister Meles Zenawi of Ethiopia. sounds of children's laughter. From the Eritreans' side, it was From the Eritreans' side, it was a noair raids almost two weeks ago. As the will use military air power only as a war between the two Horn of Africa defense or in retaliation to attacks by

On Monday, the capital came back to ternational carriers refused to fly into life, though with a bit of a cautious edge. Asmara and insurance prices skyrockafter Ethiopia and Eritrea agreed to an eted for ships calling on Eritrean ports. immediate ban on air raids. The agree- With the current agreement, airlines may ment followed diplomatic efforts by an start flying into Asmara by the end of the

Italian delegation and phone calls from week.

TAKING THE LOW ROAD — An army truck pulling a Bulgarian MiG-21 out of its base near Balchik, east

of Sofia, on Wednesday on its way to another base 40 kilometers away as part of a military restructuring.

"The Foreign Policy Gap." Fast-track authority, a murkier idea in the public

Ms. Bowman, an opinion specialist,

also said she believed that the public had

been "very, very consistent for a long

tinged by "an underlying subterranean

Are Congress and the Clinton admin-

"Many here in Congress contend that

istration misreading the public mood?

of foreign-affairs battles, believes so.

working with our friends and allies and

The mood he senses in Congress is

'There is a suspicion of multilateral

more unilateralist than isolationist, said

Mr. Hamilton, who is about to retire after

institutions, a concern about losing U.S.

sovereignty and U.S. control," he said,

today. It certainly is a common thread

policy, Senator Richard Lugar of In-

diana, chastised the Clinton adminis-

missed the government's appeal, saying

pay rises were "a necessary response to

The statistics office also reported that

The dilemma for British policymakers

recovery, so that even as growth slows,

Eddie George, the governor of the

he "may have made a mistake" by re-

jecting higher interest rates earlier this

etary policy committee told a House of

ment rate appeared to be below the level

compatible with the government's infla-

Meanwhile such expansionary gov-

ernment policies as the introduction next

lic spending by 2.75 percent a year in

inflation-adjusted terms will only in-

crease pressure on the central bank to

U.K. inflation stands out like a sore

thumb," said Kevin Gardiner, senior

"Relative to the rest of the world.

raise rates, many analysis believe.

skills shortages.

to reduce joblessness.

average of 10.2 percent.

tion target of 2.5 percent.

'and that's very strong in the Congress

A leading Republican voice in foreign

more than 32 years in the House.

with regard to UN and the IMF.'

Mr. Kull, author of a major study called eign affairs issues. "On the UN busi-

do not want to disengage from the world. without programs that take care of the

'Another Labour pledge is unray- ministration had learned its lesson about

ness, the administration's leadership has

been extremely spasmodic, and I say that

as one who has championed UN dues,"

'At no point was Clinton prepared to

use either political capital or a great deal of time and effort to gain a majority in

Congress who share his foreign policy

post-Cold War fracturing of the inter-

nationalist bloc, the "old isolationism of

Mr. Frank and others wanted guar-

antees that countries the president ne-

gotiates trade accords with would end

child labor, protect the environment and

respect labor rights. Similarly, conser-

vative Republicans have objected to

most-favored-nation trade status for

China, citing issues including environ-

mental and human-rights concerns and

thus pitting themselves against the free-

fault lines that run through both parties.

too, according to Peter Trubowitz, a gov-

Texas at Austin, and author of "Defining

the National Interest." He notes that Re-

publicans tend to favor policies such as

military spending and free trade that serve

Sun Belt interests - those of the

aerospace, computer, construction, ag-

while Democrats oppose policies that

tories abroad, threatening Rust Belt jobs.

"It's become more of a problem for Newt." Frank said, referring to the

speaker of the House, News Gingrich,

Republican of Georgia. "His business

Mr. Frank said, however, that the ad-

coalition-building. 'The administration

wouldn't listen to us on fast-track, and

they lost," he said, 'But now we've engaged with the administration."

ican University School of International

Service, said that it could take years to

forge a new internationalist coalition.

provides added funds for the LMF - all

of which we're going to need to engage

internationally — it needs to be a dif-

ferent coalition from the one that's his-

torically passed major bipartisan legis-

He does not see Congress turning its

Most congressmen understand that

back on the world, however, but simply

trying to reframe it in more relevant terms.

we have to engage with the world -

even Burton and Helms do - but on

what terms?" he said, referring to two

conservative Republican congressmen,

Representative Dan Burton of Indiana

and Senator Jesse Helms of North Car-

olina. "What will benefit their constitu-

ents and what will not benefit their con-

stituents? Still, I haven't run into any

congressman who thinks we can hide

behind our two oceans -- so much of our

economic prosperity depends on

TOMORROW: The numbers show

lation, Mr. Goodman said.

Louis Goodman, dean of the Amer-

If there's to be an effective coalition in

might induce companies to move fac-

riculture and real estate businesses

Geographic divides are re-emerging.

The end of the Cold War thus laid bare

trade faction of their own party.

the right wing has now reasserted itself."

inequalities they generate."

POLICY: Abroad, U.S. World Leadership Appears Unfocused

seen as the end of the war.

spread over the Eritrean capital. Asmarans were waiting for the next bomb
to fall.

On Monday the sector with Eritrean capital. Asairport and Red Sen ports had effectively
created an economic blockade, as into fall.

On Monday the sector with note.

"We cannot rely on this commitment," he warned. "Unless the intention of using force, which has been of"We need a guarantor, we fortable fully about this moratorium."

There have been no reports of ground strikes since the agreement was reached

formerly close neighbors is perhaps the Mr. Issaias called "a new playing first casualty of this war. In Eritrea, Mr. ground," but he added that the inter-Issaias called the agreement a positive national community was now more The city's airport was hit by Ethiopian lose proposition. They have said they step, but cautioned that it should not be aware of the dangers of this conflict zation of African Unity has stated that getting out of hand. "Any agreement colonial borders must stand. Above all, he asked whether the will have to have a third party," he said, explaining that in Eritrea there is a saying - if you make an agreement, always

> "We need a guarantor; we need an ficially declared by the Ethiopian side, is agreement that would be binding," the waived, we cannot possibly feel compresident said. "It's no longer a situation where trust and confidence can do posed a technical solution. "Let's de-everything." The conflict between marcate the border and finish the issue," Ethiopia and Eritrea arose in early May he suggested. "If we agree on that, it is a Sunday. The past 10 days of escalating when the Ethiopian Parliament con- technical matter which could be done by A sense of trust between the two warfare have put the conflict on what demned Eritrea for border infractions. experts.'

Eritrea countered it was merely retaking land grabbed by Ethiopia over the previous six months.

At stake is an ill-defined border created by the Italians almost 100 years ago during the colonial era. The Organi-

on Friday to further negotiate the conflict. But when asked about the OAU initiative, Mr. Issaias called it "one of the efforts - no more, no less.

Rather, the Eritrean president proposed a technical solution. "Let's de-

ADDIS: How 2 Old Friends Got Into War

Clinton's personal call to stop bombing each other. The cease-fire applies only to the air war, which in several rounds of raids over the past 11 days has produced mostly civilian casualties. The deadliest raid occurred in the Ethiopian city of Mekele, where Eritrea dropped cluster

This scrubby terrain is a likely starting

At the time, the common enemy was the Ethiopian government headed by Colonel Mengistu Haile Mariam, a Marxist regime so brutal that some historians hold it responsible for a million deaths. When it was finally defeated by the combined rebel forces in 1991, the new Ethiopian government headed by Mr. Meles gave Eritreans the option to secede. The referendum was overwhelming; the formal 1993 separation

At the time, both sides say, neither

outlines of Eritrea were established by Italians who colonized it in the late 19th century, and who gave the region its separate identity. To keep border disputes at bay, many African states uphold the integrity of colonial boundaries.

But between Ethiopia and Eritrea, proprietorship over several regions remained vague. One was the area known as Badame. Within Eritrea on maps, it continued to be administered by Ethiopia after Eritrean independence. on halting the ground war, which last That caused no conflict until last year, week raged on three fronts, including when Ethiopia did two things. It printed this section of the disputed territory. The maps showing Badame in Ethiopia and United States and Rwanda continue to sent border police to enforce the new

The key conflict occurred May 6, when a handful of Eritrean troops were four African heads of state dispatched by killed in the disputed territory. Ethiopian officials maintain that the flash point came when the Eritreans refused to leave their weapons behind when crossing the

> In any event, the clash prompted urgent talks between the two governments. Mr. Meles, the Ethiopian prime minister, said he believed the delegations had agreed formally to address the territorial issue in two months.

> Then, two days later, the Eritreans moved tanks into the disputed territory. "It sort of reminds me of what happened just before the attack on Hawaii," Mr. Meles said.

> Told of the comparison to Pearl Harbor, Mr. Issaias made a face. "People tell stories," he said.

> The two leaders, once close, have not spoken in weeks. Speculation is rife that the dispute between their nations is ac-

Israel Jails 2 Teenagers In Killing of **Palestinian**

WINENEVER YOU WERE

Voices Multipl

Some Fund Man

the refreshing aid

or Target

By Joel Greenberg New York Times Service

JERUSALEM — Two Israeli teenagers living in a hostel for roubled youths in a Jewish settlement near Hebron were jailed Wednes-day for killing a Palestinian farmer on a West Bank roadside when they hit him with a wooden pole from a

passing van. The Palestinian, Abdel Majid Abu Turki, 47, a father of 10, was attacked Tuesday near the settlement of Beit Haggai. Details of the incident emerged Wednesday as a Jerusalem court ordered the 16year-old suspects held for six days pending charges.

The teenagers had confessed to the killing earlier and re-enacted it

with police investigators. "The murder is a shocking murder, and we can't accept it," Prime Minister Benjamin Netanyahu said.

Ahmad Tibi, an adviser to the Palestinian leader, Yasser Arafat, said the "terrible incitement against the Palestinians" by Jewish settlers was to blame for the slaying.

The Israeli police said the teenagers killed Mr. Abu Turki with a wooden role the share against the statement of the stat

wooden pole they thrust out of a van as they rode to Beit Haggai.
"We see this as a murder," said

Commander Moshe Ariel, the chief investigating officer for the Israeli police in the West Bank.

But the director of the hostel, Efraim Hibsh, described the incident differently. "This was a prank that ended tragically when Abu Turki met his death," Mr. Hibsh said in a radio interview. "He is our neighbor, he worked here and we know him. Beit Haggai condemns the improper phenomenon of harming innocent people, Jews or Arabs."

Mr. Abu Turki's grieving rela-tives said that fate had finally caught up with him. In 1994, they recalled, he was in the Tomb of the Patriarchs shrine in Hebron when a Jewish settler opened fire, killing 29 Muslim worshippers. Mr. Abu Turki emerged unscathed.

paid much attention to the border. The

Continued from Page 1

bombs near a school. 'It was not intentional," Mr. Issaias

said in an interview.

Diplomatic efforts are now focused try to broker a peace plan that Ethiopia already has embraced. This week, Mr. Issaias and Mr. Meles will meet with the Organization of African Unity in an effort to sort things out.

point. It was here, more than 20 years border. ago, that the future governments of both countries first threw in their lot together. Eritrea was a province of Ethiopia at the time, and a rebel group co-led by Mr. Issaias was battling to liberate it.

said Mr. Lugar, a former chairman of the Senate Foreign Relations Committee.

office on the slogan, 'It's the economy, stupid,' which is another way of saying, she said, but want to be sure the burdens sure the burdens she said, but want to be sure the burdens she said, but want to be sure the burdens she said, but want to be sure the burdens she said, but want to be sure the burdens she said, but want to be sure the burdens she said, but want to be sure the burdens she said, but want to be sure the burdens she said that with the said that w

Continued from Page 1

But liberal Democrats like himself have ruption and cronyism associated with also at times deserted the old interna- Mr. Suharto's rule, are having an impact somewhat ambivalent about foreign in- tional Relations Committee and a veteran tionalist coalition. During the debate over on Malaysia. Critics there blame ties granting the president fast-track authority, between the government and favored many Democrats sharply objected, taking business groups for much of the rising the position, as Mr. Frank put it, that the tide of bad debt that threatens to ruin companies and the banks that loaned them money, turning unemployment into a major problem.

In Malaysia, "business looks after politics and politics looks after busi- the government. ness," said a foreign analyst. "It is not in such an outrageous form as it was in Indonesia where it was so closely identified with the Suharto family and their friends, but the net effect is that resources are being taken from viable companies to bail out less viable ones."

As the pain from growing economic troubles spreads in Malaysia, criticism of Mr. Mahatir has increased, not just among his political opponents but in the ranks of professionals, white-collar workers and the urban middle class, who have thrived emment professor at the University of during the years of his leadership.

What happened in Indonesia has encouraged the growing trend of private criticism of Mr. Mahatir, 'said Michael Liefer, a professor of international relations at the London School of Economics, who was in Malaysia recently.

There's a feeling that his idiosyncratic style of rule is not necessarily helping Malaysia to address the fundamental problems of its economic adversity

Mr. Mahathir has blamed currency speculators and the lack of international controls on the movement of capital for Mr. Anwar, who is UMNO's deputy

tends to frighten foreign businessmen conditions and months of water shortages and investors away just when they are most urgently needed.

In contrast, Malaysia's deputy prime minister and finance minister, Anwar Ibrahim, who is Mr. Mahathir's designated successor, has embraced the differed over economic policy, including whether or not to assist distressed Malaysian companies with close links to

Mr. Anwar told The Star newspaper last week that Malaysia should learn a lesson from the events in Indonesia and press ahead with political reforms.

"It is a fact that some of the problems we are facing are caused by the international monetary system and market forces which are unjust and do not give equal opportunity to smaller nations and developing countries," he said. 'However, weaknesses in internal policies also contribute to some of the problems and this is a fact that we have to then we may have to face the Indonesian situation where the people demanded changes. Therefore, we have to make

changes before it is too late."

Mr. Anwar said that UMNO — the dominant party in the governing National Front coalition of 13 parties - could not protect the people's interests if government administration was not transparent and only certain groups were allowed to monopolize business opportunities.

Analysts said that some supporters of

often strident, nationalistic rhetoric lic discontent over worsening economic in parts of the greater Kuala Lumpur area to advance the case for reform and Mr. Mahathir's replacement by Mr. Anwar.

Yet Mr. Anwar, who is 50, seems prepared to wait, perhaps because he knows that any move now to topple Mr. need for reform. The two men have also Mahathir would be unlikely to succeed and could backfire. Elections for UMNO party positions, which traditionally determine who becomes Malaysia's prime minister and deputy prime minister, are not due until next year.

Malaysia has so far looked relatively healthy compared to Indonesia, Thailand or South Korea, and unlike those countries did not seek help from the International Monetary Fund. But economists say Malaysia is on the

verge of recession after its gross domestic product shrank for the first time in 13 years, by 1.8 percent in the first quarter. Most analysts expect the economy to shrink by at least 3 percent in 1998.

Malaysia's opposition parties seem in accept. If we are unwilling to accept this, no position to mount a serious challenge to the government, while there is little evidence of the kind of student activism that provided the cutting edge of reform

The political opposition is divided and controls only 25 seats in the 192-member lower house of the Parliament, General elections are not due until 2000.

Still, the government is showing signs of nervousness about the potential for unrest. Since late May, the police have banned or broken up five public meetings called to express public grievances over Malaysia's economic difficulties. His president, wanted to exploit growing pub-

NATO: Allies, on the Brink, Show Misgivings on Kosovo Action en from their homes in the Serb-con-

Continued from Page 1

oric in the face of allied apprehensions. "A good deal more deliberation would have to take place," said Defense Secretary William Cohen following a tour of European capitals. "There is of course some disagreement as to what the legal foundation would be for the exercise of military options if they become necessary.

There is a long step top take before we consider any further type of action in this regard." Mr. Cohen added.

Defense planners from the North Atlantic Treaty Organization are working feverishly to complete detailed military options that include possible air strikes, enforcement of no-flight zones and weapons-exclusion zones, and sending up to 20,000 troops to Albania and Macedonia to monitor their borders with Kosovo.

But a week after allied defense ministers ordered up the plans, the political and logistical problems are becoming glaringly apparent.

At first, the United States and its European allies believed that "preventive deployments" of troops stationed just outside Kosovo's borders would send a serious signal to Yugoslav forces that have been waging a four-month campaign to suppress insurgents from the Kosovo Liberation Army.

UN officials say that more than 300 people have been killed and 65,000 driv- the Kosovo Liberation Army.

trolled province where nine out of 10 inhabitants are ethnic Albanjans.

foreign ministers last month, was scotched after a NATO military review concluded it would only serve the interests of the Yugoslav president, Slobodan Milosevic, if allied soldiers were compelled to thwart refugees from difficult in Kosovo's mountains. crossing the border and block the clandestine flow of weapons from Albania to the Kosovo guerrillas.

At last week's meeting of NATO defense ministers, sentiment had shifted to the possibility of allied air strikes against Yugoslav Army targets, including command and control centers used to orchestrate the crackdown by the special police and security forces.

But after approving the mock bombing raids to show NATO's willingness to use force, allied governments began voicing misgivings about any form of military intervention.

Besides the implausible chances of securing a UN Security Council resolution, European diplomats fear that air strikes could fortify radicals on both sides of the conflict and destroy any hopes of a political compromise.

They say nationalists could escalate their challenge to Mr. Milosevic while public support for the pacifist leader of Kosovo Albanians, Ibrahim Rugova, could shift toward violent extremists of

Militarily, U.S. and European defense planners say the nine options they are offect province where time out of the planners say the time options they are that idea, supported by NATO out. Air strikes would require a massive assault against the Yugoslav Army's so-

> cause civilian casualties. Any ground action to monitor borders or remove weapons would also prove-

phisticated air-defense system and could

The doubts about the efficacy of military intervention have focused attention again on diplomatic initiatives,

Western governments expressed mixed feelings about the outcome of two days of talks in Moscow between President Milosevic and President Boris Yeltsin of Russia.

While skeptical about whether Mr. Milosevic's promises will translate into reality, allied governments welcomed his willingness to resume negotiations with Rugova about restoring autonomy to ethnic Albanians in Kosovo.

They also approved Mr. Milosevic's promise not to engage in repressive acts against Kosovo's "peaceful" population, to facilitate the return of refugees and to allow free movement in the province for diplomats and humanitariorganizations.

But they deplored his refusal to accept an unconditional withdrawal of all Yugoslav military forces from Kosovo until "terrorist activities" are halted and to accept an international mediator at the talks with Mr. Rugova.

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18 Jan

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Voices Multiply: The End Is Near for U.S. Boom

By John M. Berry

WASHINGTON -- U.S. economic growth is about to slow sharply because of a combination of negative forces, an increasing number of forecasters be-

Those forces include the financial turmoil in Asia that is causing the U.S. trade deficit to swell, shortages of labor, an unsustainable rise in business invento-ries, and a flat or falling stock market.

A small rise in inflation from the extraordinarily low rate over the past year could also help dampen growth. these analysts say. For instance, the Labor Department reported Tuesday that higher prices for fresh fruits and vegetables, tobacco, prescription drugs and apparel helped raise consumer prices by 0.3 percent last month, the largest monthly rise in a year and a

Macroeconomic Advisers, a St. Louis forecasting firm, told its clients last week that by midyear, the U.S. economy would enter a period of "per-sistent" slower "growth during which the gross domestic product will expand only 2 percent, the unemployment rate will climb to 5 percent" and "inflation will rise a percentage point, to roughly

2.5 percent. That would be less than half the 4.8 percent annualized growth rate for the first three months of this year. It is also only a little more than half the 3.7

percent increase in inflation-adjusted GDP over the past four quarters.

Often in long-running economic ex-pansions, rising inflation triggers a series of events - such as interest rate increases by the Federal Reserve Board to combat worsening inflation - but few analysts expect that to happen this

"Despite the slightly higher-than-ex-pected May figure for the CPI, the 12-month change is still only 1.7 percent, which is in line with our long-standing forecast for CPI inflation in 1998," said Maury Harris, chief economist at PaineWebber Inc. in New York. Ex-

percent since May 1997.

slowdown in growth is in the man-ufacturing sector of the economy, where production rose only 0.2 percent last month and thus far in 1998 has averaged only a 0.1 percent monthly gain, the Federal Reserve reported Tuesday. Overall industrial production, which

includes output of the nation's factories, mines and utilities, rose 0.5 percent last month, largely because unseasonably warm weather increased demand for

In a separate report, the Commerce Department said Tuesday that housing starts fell 0.7 percent last month to an

See ECONOMY, Page 15

Some Fund Managers Fret, Some Take Long View

By Sharon Walsh Washington Post Service

NEW YORK - If you have been going through some nail-biting sessions lately as you watched 80 percent of the companies on the New York Stock Exchange decline 10 percent or more in value, imagine being a professional

money manager. Not only are money managers constantly aware that they are managing hundreds of millions or even billions of dollars that belong to other people, but they are also continually being watched, analyzed and rated

watching groups. Still, a scattering

by various fund-

of fund managers this week shrugged off the recent tur- agers said their investing strategies have bulence in the market, noting that the not changed because of recent events in game is a long one. Any fund manager who got ulcers over a few bad days, they said, would never be able to go the

"I'm a little nonchalant about this," said Art Bonnel, manager of the \$100 million Bonnel Growth Fund at U.S. Global Investors in San Antonio. "It's never fun to watch three months' work

But I don't let it bother me," he added, "because there's nothing I can do to control it."

So, on a particularly bad market day, when much of his screen is showing red - the color of stocks that are going down in price — Mr. Bonnel simply turns off his Quotron machine and ig-nores what he calls the "market noise" that is heard on a daily basis.

down another 100 points so he can take advantage of some buying opportuni-

Even the fact that Japan has just acknowledged that it is in a recession can be considered good news, he said, because now the Japanese government will be forced to take corrective steps that, in the long run, will be good for world markets.

Mr. Bonnel does not think we are headed for a bear market, though if he did, he would find a positive side even for that.

"I live by the motto: Fortunes are made in bear markets and realized in **WALL STREET WATCH** buil markets," he

said. Most fund man-Asia. The key, they said, is doing the homework, buying quality companies and holding on to them for the long

Brian Stack, vice president and portfolio manager for the \$2.5 billion MFS Institutional Emerging Equities Fund at MFS Investment Management in Boston, described his strategy for investing in small companies this way: "Our decisions are rooted in the research, in kicking the tires, getting to know the management and the company," he said of his strategy for small companies, those worth less than \$1 billion.

"We're skeptical of Wall Street research and of consensus," said Mr. Stack, who invests in companies worth less than \$1 billion. He emphasizes owning small companies with predict-Besides, he says, you have to look at able revenue for three to four years.

Some stocks, for in- The research is vital for smaller falls. Mr. Bonnel said he is hoping the shares outstanding and the daily trading Analytical Services Inc. The average

Slowing Down The recent performance of the ten

rates of return are slowing			
Fund	Past 13 weeks*	52 weeks*	
Fidelity Magellan	2.19	24.90	
Vanguard Index 500	261	25.74	
Washington Mutual	1.51	25.86	
investment Co. of Americ	a 1.18	.21.14	
Fidelity Growth, Income	1,57	24.56	
Fidelity Contratund	1.61	25.12	
Vanouard Windsor II	3.23	28.46	

.a fact mirrored in stock Indexes, which, after a big run-up earlier in the vear, are on a downward trend.

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Fidelity Equity-Income

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Source: Lipper Analytical Services

Standard & Poor's 500-stock index Feb. March April May June

of a mistake. Small-cap funds have been more volatile - and have lost more in recent days than many of the big blue chips. But Mr. Stack reports that his record is good.

His New Discovery Fund, a \$165 million small-cap fund, is up 11.3 percent this year. That puts it 10th out of stance, might be a bargain as the market companies because there are fewer 605 small-cap funds ranked by Lipper Dow Jones industrial average will go volume is small, so it is tough to get rid small-cap fund, according to Lipper, has

returned only 0.42 percent. "Within my little, narrow spectrum, we've done quite well," Mr. Stack said.

Many fund managers claim the vari-ous rankings of funds do not matter to them, but they do acknowledge they are important to investors and to the brokers who sell the funds and put together financial plans for their clients.

In recent days, Mr. Stack said the Asia situation has made him nervous. But he copes by running more frequently along the Charles River.

'I keep in mind that it's a marathon, not a sprint," Mr. Stack said.
Some big fund managers could take a

lesson from individual investors, several of the professionals said. "Lately, some individual investors

have taken the down days better than some fund managers," said Gregory Adams, senior portfolio manager at Chase Vista Funds, who noted that individual investors have learned to ride with the punches and hold on for the Take this week, for instance. Mr.

Adams noted that if you got rattled Monday, when prices were down, and sold, you would be sorry on Tuesday, when the Dow rose 37.36, or 0.43 percent, to 8,665.29. The Nasdaq composite index was up 37.37, or 2 percent, to close at 1,753.12, following a surge in technology stocks.

"This is a highly competitive, pretty intense business on any day,' James Wineland, co-manager of the \$7.3 billion United Income Fund at Waddell & Reed Financial Services in Kansas City, Missouri. Lately, he said, the level of intensity has risen.

The way he copes is simply to work harder, go to bed a little later, after the foreign markets again.



Traders monitoring stocks Wednesday in New York as the market soared.

Hope for Asia Helps To Revive Wall Street

Stocks Soar as U.S. Fed Moves to Bolster Yen

NEW YORK - Stocks soared Wednesday amid a brighter profit outlook for U.S. exporters as most Asian markets rallied and after the United States moved to help bolster Japan's ailing economy by selling dollars for yen.

The rebound in the Japanese currency prompted gains in U.S. exporters such as DuPont, American Express and United Technologies as the outlook for their earnings brightened.

Stocks fell in recent weeks as the tumbling yen threatened to delay Asia's recovery, which would damp demand for U.S. products from computers to elevators to financial services.

The Dow Jones industrial average closed 164.17 higher, or 1.9 percent, to 8,829.46.

The Standard & Poor's 500 Index gained 19.52 points, to 1,107.11, and the Nasdaq composite index climbed 23.28 points, to 1,776.40.

Advancing stocks led declining is-sues on the New York Stock Exchange by a ratio of more than 3 to 1.

The dollar slide eases "the pressure on earnings," said Guy Truicko, a money manager at Unity Management in Lake Success, New York.

"The technology sector and the capchecking the Internet for foreign market ital-goods sector get a significant portion information, then get up earlier to check of their sales and earnings from Asia. A weaker U.S. currency means

American goods will be more attractively priced for Asian consumers and businesses, while a strong yen could stem the flow of investment capital from slowing Asian economies.

DuPont rose 3% to 75 15/16. The largest U.S. chemical company said last month that weak Asian demand would make it difficult to meet its goal of raising earnings by 10 percent this year. United Technologies, which makes Otis elevators, rose 31/8 to 89. Weak Asian sales prompted the company to cut 2,000 jobs at Otis in April.

American Express rose 4 11/16 to 106 1/16. American Express would benefit from a more optimistic outlook in Asia, where it issues charge cards and offers private banking.

The resolve to strengthen the yen and help Japan's economy bodes well for corporate earnings in coming quarters. "Investors in the stock market look six to nine months ahead, and they're

starting to see" improvement, said Art Bonnel, a money manager at U.S. Global Investors in San Antonio, Texas. Oil stocks surged, led by Texaco, which was up 3 at 60 13/16, and Mobil,

which rose 31/4 to 781/4. Crude oil prices rose as Gulf countries promised further production cuts to ease a global oversupply that sent prices

See MARKETS, Page 12

Strike Impact **Grows, Cutting GM's Output**

FLINT, Michigan — General Motors Corp. and the United Auto Workers resumed negotiations and public sparring Wednesday as the impact of two Michigan parts-plants strikes spread, wiping out two-thirds of the world's largest automaker's daily North American production.
The UAW held a public rally in Flint.

the site of the strikes, while union leaders prepared to leave the city — and face-to-face talks with GM executives — for a UAW convention in Las Vegas. GM, meanwhile, decided to make Don Hackworth, group vice president and architect of its North American labor policies, available to the press.

Publicly and privately, neither side seemed willing to budge on the basic issues - GM's push to cut costs versus the union's determination to save jobs. Analysts said the strikes may be resolved as the last big walkout at GM two years ago was, with the union scoring some immediate gains but GM holding fast to its vision of a smaller, more productive work force. "After a certain point, GM will move

to settle by giving the locals significant short-term victories," said Dan Luria, a researcher at the Industrial Technology

For example, GM settled a 17-day brake plant strike in Ohio in 1996 not by

Striking GM employees waving signs in response to honking drivers.

Institute in Ann Arbor.

"However, when settling past strikes, they've avoided long-term commitments that would actually disrapt its downsizing plan."

promising to build a new generation of

June 17 Libid-Libor Rates

United States

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Key Money Rates

anti-lock brakes at the affected plants, as the UAW wanted.

Instead, it promised to keep enough brake work there to provide jobs for existing workers until they retire, he

The strikes by 9,200 UAW members at a metal-stamping plant and a Delphi instrument panel and parts plant caused GM to close the 18th of its 30 North American assembly plants.

GM and UAW Face Off on Efficiency

been steadily closing facto-

ries as a result. So proposals

to reduce employment more

quickly at the remaining fac-

tories have alarmed an

already angry United Auto-

mobile Workers union and its

Particularly galling for the

workers.

Firm's Operations in Brazil, Copied From Japan, Are the Most Profitable

By Keith Bradsher New York Times Service

DETROIT — The strikes now crippling General Motors, while partly about shortterm job security and work- briskly. place safety disputes, reflect a larger struggle over whether America's auto industry will adopt the manufacturing shrinking for years, and it has techniques now being introduced at new factories in

countries like Brazil. GM's operations in Brazil have copied Japanese manufacturing practices on a massive scale and have become the company's most profitable, efficient and flexible. When GM introduced new mid-size sedans in the United States and Brazil two years ago, a Kansas factory took seven months to make the switch while the Brazilian factory reached full produc-

tion in just three months. The last two presidents of GM's Brazilian operations, Richard Wagoner Jr. and Mark Hogan, now run GM's North American operations and are trying to apply Brazil's lessons here.
"We can take what we've

learned in the manufacturing and technology in Brazil and apply that in the United States, and that's every bit my intention," said Mr. Hogan, GM's vice president for small cars, in an interview last year in Sao Paolo.

Outside suppliers in Brazil are assembling many of the parts for new cars before delivering them to the assembly plants - sending partially assembled dashboards, for example, instead of speedometers, gas gauges, radios and glove boxes. Automakers used to bolt all these parts together inside an assembly plant, and GM still does in the United States, even though this occupies a lot of costly floor space and increases labor costs.

But where GM sees efficiency, the UAW sees a threat. Many of GM's moves in Brazil have reduced the number of people needed per vehicle produced, particularly during final assembly. Olympus Optical Co.(Europa) GmbH. Visit http://www.olympus-europa.com or call (49) 40-237730

That has been acceptable to union is that GM is cutting U.S.," said Richard Shoe-Brazilian unions and workers back in the United States even maker, the UAW's vice presbecause GM has been stead- as it builds new assembly ily hiring employees as it plants, along Brazilian lines, builds more factories for a in Poland, China, Thailand market that has expanded and Argentina.

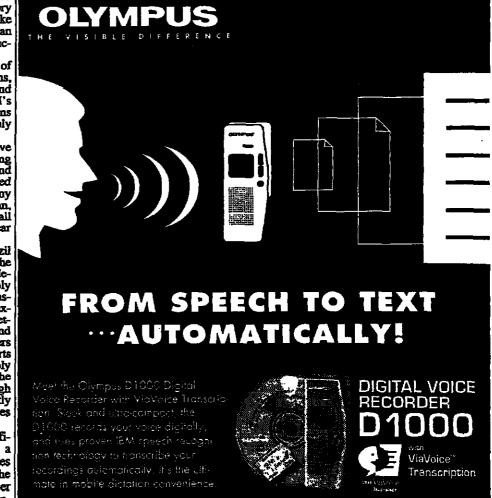
riskly.

GM is "ignoring their soits 29 North American asIn the United States, GM's cial contract with America, sembly plants so far for lack share of the stagnant Amer- by transferring jobs, technol-ican car market has been ogy and capital from the

maker, the UAW's vice president for GM issues. Strikes at two parts factories in Flint, Michigan, have forced GM to close 17 of

See GM, Page 15

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Japan Discount rate Coll money 1-month interbunk 3-month interbunk 4-month interbunk 10-year Govi bond Zurich n.o. 291.00 – 3.60.
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U.S. dollars per conce. London atticlel Ridness Zurich and New York opening and Cosing prices New York Comer (June) Germany 3.45 3.48 3.57 3.66 4.76 Coll moony 1-speath int

Very briefly:

 Sprint Corp. reached agreements with SBC Communications Inc.'s Southwestern Bell, GTE Corp., BellSouth Corp. and Ameritech Corp. to offer its new high-speed

agreement with its machinists' union, which the airline had accused of a work slowdown that caused hundreds of flight delays and cancellations.

• Renters Choice Inc. will buy Thorn PLC's rent-to-own to a 12-year low this week. The business in the United States for \$900 million in cash, combining the two largest chains of stores that allow consumers to rent appliances and furniture with an option to purchase.

• Sunbeam Corp. fired its vice chairman and chief financial officer, Russell Kersh, a longtime aide to Al Dunlap, the company's ousted chairman, after the maker of small appliances failed to produce a profit the past six months.

• Call-Net Enterprises Inc., a Canadian unit of Sprint Corp., raised its takeover bid for Fonorola Inc., a rival long-Corp., raised its takeover bid for Fonorola Inc., a rival long-distance phone carrier, by 12 percent, to 1.95 billion Canadian dollars (\$1.31 billion) in cash, stock and assumed debt.

Raytheon Picks AliedSignal Executive going to do very well, "Mr. Weiner distance phone carrier, by 12 percent, to 1.95 billion Canadian dollars (\$1.31 billion) in cash, stock and assumed debt.

 Petroleos de Venezuela SA, the state-owned oil company. said it had decided to postpone the introduction of Epic, an eagerly awaited oil fund, until local and international market

• Chrysler Corp. said it would begin making the world's first electric minivan in October at its Windsor Assembly Plant in

• Gartner Group Inc.'s Dataquest unit forecast that Microsoft Corp. would have a 95 percent share of all operating system shipments on all computers worldwide by 1999. • Brazilian exports to Japan, the largest Asian importer of

Brazilian goods, fell 17.5 percent in the first four months of the year compared with the year-earlier period, as a weak Japanese economy cut demand for imports. O Estado de Sao Paulo newspaper reported. Bloomberg, AP, Reuters

Prices as of 4:00 P.M. New York time.

+ 2.77

+11.64

Standard & Poors

The Trib Index

Jan. 1, 1992 = 100

World Index

Phone Firms See EU Approval

MCI and WorldCom Expect Regulators to Clear Merger

By Mike Mills Washington Post Service

WASHINGTON - Top executives of WorldCom Inc. and MCI Communications Corp. say they believe that European regulators will recommend approval of their \$37 billion merger as early as Friday, based on MCI's agreement to divest further Internet assets to address antitrust concerns.

"We now feel quite confident we're at a point where we'll get on with business," Bernard Ebbers, the WorldCorn chief executive, said Tuesday. "We would expect that the recommendation that is made Friday, if there is one made at the European Commission, would be one in support of the transaction."

Concern by European regulators that the combined global company would control too much of the Internet has emerged as the major obstacle in the way of the deal, which was announced last autumn. In an interview, Mr. Ebbers and Bert Roberts Jr., the MCI chief executive, said they were seeking a single buyer for MCI's business and residential Internet customers,

as well as Internet facilities that

MCI had been planning to sell to that Cable & Wireless hopes to buy Cable & Wireless PLC of London includes all of MCI's Internet for \$625 million.

buy all of MCI's Internet assets. "We'll begin immediately to find

Inc. and Sprint Corp. A merger task force of the European Commission may bring its proposal to accept or reject the merger to a Friday meeting of member nations of the European Union, officials said. The EU nations must vote on the merger by July 15.

Both executives emphasized that no final deal for approval had been reached. But if European permission is won, Mr. Ebbers and Mr. Roberts said, they would expect that the U.S. Justice Department, which has been working closely with European regulators, also would sign off on the plan.

MCI's Internet division will have estimated revenue of \$330 million in 1998. The part of MCI

switching equipment and generates A federal court ruled last week sales of \$220 million. The division that MCI could seek other buyers also has about 3,000 business cusfor those facilities, though Cable & tomers and hundreds of thousands Wireless remains in the running to of residential customers, who bring in about \$110 million. MCI had hoped to hang on to them.

an acceptable buyer," Mr. Ebbers said. Analysts say other potential buyers include AT&T Corp., PSInet Inc., IXC Communications hoping the new offer will appears the regulators, they said such a sale would have little impact on the combined company's earnings. The two were critical of the re-

view process at the European Commission, "We were a thousand percent convinced by them that the original transaction with Cable & Wireless would meet their needs," Mr. Ebbers said. But he said the European Commission had asked "the people who objected to the transaction initially 'How do you like this solution? Well, hell, GTE isn't going to like it, I don't care how you cut it."

GTE Corp. was beaten out by WorldCom in a bidding war for MCI and has raised legal objections to the deal.

commodity companies that will

Gold Regains Luster As Dollar Falls Back

out yet.

NEW YORK - Gold prices posnot all problems have been sorted ted their biggest gain in more than two months on Wednesday after the Federal Reserve Board sold dollars for yen, driving the U.S. currency lower and making dollar-priced gold less expensive in Japan.

"The Fed intervention has taken the market by surprise, and we've seen a pretty decent rally in gold," said Dinsa Mehta, global head of commodity risk at Chase Manhattan Bank in New York. "The move supported the Australian dollar, which means the incentive to sell gold" is low.

Gold for August delivery rose \$4.90, or 1.7 percent, to \$294.90 an ounce on the Comex division of the New York Mercantile Exchange, its

biggest gain since April 3. In London, gold for immediate delivery jumped \$4.80, or 1.7 percent, to \$293.45 an ounce.

The dollar plunged on Wednesday after the Federal Reserve and

the Bank of Japan joined forces and aggressively sold the U.S. currency in an attempt to stabilize the yen. The intervention was the first executed by the Fed for its own ac-

'The intervention generated

be 20 percent to 25 percent below

forecasts because of slower sales in

Kulicke & Soffa Industries dropped 1% to 144 after the semi-

conductor-equipment maker said

sales would decline in the second

The company also said its loss in the quarter ended June 30 would

exceed the 3 cents-a-share loss ana-

boards for personal computers and other devices, said it expected lower

operating earnings in the next two

quarters because of weaker demand

for some products, costs for a new

building and acquisition-related ex-

supplier of thin-film coated glass to the flat panel display industry

warned late Tuesday that it would

post disappointing results for the three months ending June 30. Ap-

plied Films, based in Longmont,

Colorado, expects the slowdown to

(Bloomberg, AP)

Applied Films fell 2 to 5 after the

penses. Jabil fell 23/4 to 321/4.

Jabil Circuit, a maker of circuit

half of 1998.

lysts predicted.

Asia and the electronics industry.

count since August 1995.

Of Takeover Offer From AT&T?

AOL Rejection

NEW YORK - America Online Inc. has rejected a takeover offer from AT&T Corp. to combine the world's largest on-line service with the biggest phone company, a published report said Wednesday.

quite a nice shake-up," said Dominick Presa, chief dealer at

Generale Bank in New York, "but

In 4 P.M. trading, the dollar was

at 136,950 yen, down from 143,275

yen. The dollar also fell to 1.7870

FOREIGN EXCHANGE

Deutsche marks from 1.7999 DM,

to 1.4893 Swiss francs from 1.4954,

and to 5.9920 French francs from

The pound was quoted at \$1.6690, up from \$1.6515 on Tues-

The pound continued its recent

buil run after closely watched

March average earnings figures

came in above expectations, further

raising the prospect of another in-

crease in interest rates by the Bank

(Bloomberg, Bridge News)

The report, citing sources close to both companies, said AT&T's chairman, Michael Armstrong, approached AOL several weeks ago with a tentative offer. But AOL told AT&T several days ago that it did not want to sell the company, the report said.

An AT&T spokeswoman

would not comment on the report. An AOL spokeswoman did not immediately return calls seeking comment.

The report sent AOL shares higher, closing up \$5.25 at \$94.25 on the New York Stock Exchange.

AT&T shares were up \$1 at AT&T has been seeking to

expand beyond its long-distance franchise, hoping to one day offer customers a package of long distance, local, wireless. paging and Internet services.

• Northwest Airlines Corp. has reached a tentative contract MARKETS: Stock Prices Soar on Wall Street as U.S. Moves to Strengthen Yen Investors should still avoid U.S. said its fourth-quarter earnings would

Continued from Page 11

crude rally also played a part in the gain in DuPont, which owns oil proucer Conoco.

president and future chief executive.

were up 17 percent over the previous year.

1 3/16 to 9 11/16 and Dell Computer rose 23/32 to 85 11/16. U.S. bond prices fell because the continue to be hurt by weak demand

dollar's slump means overseas in-vestors can lose money on their in-Asia, said Michael Weiner, a portvestment in U.S. debt even if the folio manager at Banc One Invest-

Technology stocks that got securities themselves rise in value. battered in recent months as demand for computers slowed and prices fell made up lost ground. Microsoft rose from 5.64 percent.

The value in value. ment Advisors.

The vast majority of the companies that are large-capitalization are from 5.64 percent.

LEXINGTON, Massachusetts — Raytheon Co., the third biggest defense contractor in the United States, said Wednesday it had hired an

executive from the industrial products maker AlliedSignal Inc. to be its new

Daniel Burnham, 51, vice chairman of AlliedSignal, will take over as Raytheon's president and chief operating officer July 1.

On Dec. 1, he will succeed Dennis Picard, Raytheon's chairman and chief executive officer, as CEO.

Mr. Picard said he would also step down as chairman within one year after he relinquishes the CEO title to Mr. Burnham.

ristown, New Jersey. He has directed the aerospace unit since 1992.

U. S. STOCK MARKET DIARY

Mr. Burnham has worked since 1982 for AlliedSignal, based in Mor-

Raytheon, whose headquarters is in Lexington, has 118,000 employees

worldwide. The company announced in April that first-quarter earnings

U.S. STOCKS

Texfi Industries fell after the textile company posted a \$2.8 million loss for its second quarter ended May 2 and restated its results from the prior quarter and financial year to show a loss rather than a profit. The revisions reflect losses from Rival Sport, a joint venture with NHL Enterprises. New York-based Texfi's said second-quarter sales were hurt by unusually high imports of competing products from Asia. Raychem, a maker of cables and

other telecommunications gear, fell 1 13/16 to 31 15/16 after the company

INTERNATIONAL FUTURES

extend into the next quarter.

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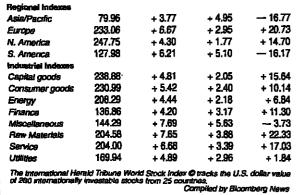
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in our Landon office: Fel.: + 44 1 71 420 0326 Fax: +44 1 71 420 0338 or your nearest IHT offic or representative.



AMEX

Wednesday's 4 P.M. Close The 200 most traded stocks of the day, up to the closing on Wall Street. 。如果,我们就是有一种的人,我们也不是有一种的,我们就是我们的人,我们就是有一个人,我们们的人,我们的人,我们也是我们的人,我们也不是我们的人,我们也是我们也会 150 (我有外有 (我有情 (我的我们就是我们的事情的) (我的我们) 有种种的的有种的种种的 (有好的

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Russia Cancels Sales

Move Said to Reflect Confidence on Aid

Of Short-Term Debt

MOSCOW - Russia raised less than a third of the \$1.54 billion it needed to pay off debt maturing on Wednesday from an auction of three-year bonds, after canceling two sales of short-term debt because

borrowing costs were too high. The government, which auctions bonds weekly to finance a mounting volume of maturing government pa-per, canceled auctions of six-month and one-year bonds.

However, it proceeded with a third auction of three-year paper, sources said.

The government raised 2.72 billion rubles (\$440 million) from the sale of the 1,183-day bonds at a price to yield 55.34 percent.

It had refused to pay yields of 57.62 percent or more demanded by

investors and canceled the auctions of 9 billion rubles of 185-day bills and 5 billion rubles of 336-day

The best offer on the 182-day bills was at a yield of 57.62 per-

Investors interpreted the cancellations as a sign of strength rather than weakness, prompting speculation Russia had found alternate financing to cover immediate needs and defend the ruble after cash re-

serves dwindled to \$10 billion. Russia's RTS stock index rose 10.03 points, or 5.8 percent, to close

Russia must make debt payments of \$9.5 billion in the next six weeks. including obligations on Wednesday and about \$30 billion this year.

"If they deliberately cancel an auction, this means that they can raise the money somewhere else," said Fredrik Lekman, a fund manager at MFK Renaissance.

He added that Russia may be considering the sale of a Eurobond soon to cover debt payments.

'The implication is that they have alternative sources of funding lined up which are cheaper." said Philip Poole, head of Eastern European research at ING Barings in London. "That's one explanation. Another would be that this is a very macho sign that they are trying to

Investors have been calling on the International Monetary Fund to lend Russia as much as \$10 billion to ease its cash shortage.

Many investors said they were not sure how to interpret the government's actions.

The auctions are "potentially a very bad sign, but we are acting in a complete vacuum," said Martin Taylor, investment director at Baring Asset Management in London. Meanwhile, President Boris Yeltsin appointed a leading re-

former, Anatoli Chubais, to nego-tiate with international financial bodies, the Kremlin said. Mr. Chubais, who heads the electricity monopoly RAO UES, becomes the lead negotiator of a new

aid facility worth an expected \$10

billion. The Kremlin said Mr. Chubais would become a deputy prime min-ister. But a source said this did not mean he would have a seat in the (Reuters, Bloomberg)



EUROPE

NO TO NIKE - A passenger in the Paris Metro waiting Wednesday next to a Nike poster. After protests over the "totalitarian" design of the ads, Nike said it would remove them, explaining they had been intended as a parody of the art of "peoples' republics."

AmEx to Buy Havas Voyages for \$165 Million

PARIS — American Express Co. said Wednesday it had agreed to buy Havas Voyages, France's biggest travel agency, for about \$165 million, reinforcing its position as multimedia units that are under Europe's largest business-travel oppressure from its main shareholder, erator.

financial-services company was "Business travel, as far as agen-favored to win the bid to buy Havas cies are concerned, is a strong place Voyages from Havas SA, since the to be," said Nigel Reed, an analyst two companies have operated a joint at Paribas Capital Markets. "This is venture in business travel in France for two years.

American Express owned 19 percent of that venture.

Vivendi SA, formerly known as took full control of Havas this year. Lambert SA. At the time, Vivendi chairman Jean-Marie Messier said Havas Voyages would be sold by the end of June.

The purchase, at a cost of about 1 billion francs, comes as American send a sign to the market that things Express expands its corporate travelare improving — 'We have the agency network in Europe and almoney; we aren't concerned.'" lows the American company to

Thomson Travel Group PLC.

For Havas SA, the sale is part of an effort to focus on publishing and Vivendi, which is buying the 70 The New York-based travel and percent of Havas it does not own.

"Business travel, as far as agenyet one more consolidation in a growing sector.

American Express is already merging its Belgian and Luxembourg business-travel operations in a joint Compagnie Generale des Eaux, venture with Banque Bruxelles "American Express wants to re-

inforce its travel businesses and this acquisition is in line with this strategy," said Charles Petruccelli. president of American Express Travel Services Group International in Paris.

American Express's efforts come

strengthen its leisure-travel activities as European business travel is ex- pected to maintain that pace this to better compete with such rivals as pected to continue expanding as year, said Chris Avery, an aviation

economic activity accelerates. The adoption of a single European currency in January should 508 francs in Paris, while Vivendi spur cross-border business activity and travel, analysts said.

Business air travel grew 8 percent last year in terms of both distance and value and the growth is ex-

analyst with Paribas.

Havas shares rose 3.9 percent to shares rose 4.2 percent to 1,278

American Express shares rose 3.7 percent to 105.0625 in late trading in

High Low Clase Prev.

VW and Toyota Study Technology Tie

FRANKFURT -- Volkswagen AG said Wednesday it was in talks with Toyota Motor Corp. for joint development of technology that would let the carmakers recycle parts for new cars and trucks. "We are holding talks on auto recycling at the moment," said a VW

spokesman, Guenther Scherelis. Volkswagen, Europe's largest automaker, and Toyota, Japan's

largest, also may cooperate on environmental technology. Carmakers around the world are racing to create cars and trucks that will meet stricter government pollution standards. Toyota and Volkswagen have worked together before, with VW building Toyota pickup trucks under license.

Investor's Europe Paris CAC 40 FTSE 100 Index 5750 4300 -4000 5050 3700 5750 5500 3400 -5250 M 3100 2800 J F M A M J 1998 5000 SEL-20 5,700.26 5,501.57 +2 11 740.54 729.57 10.95 Stock Market A744.56 4.614.65 42.81 HEX General OBX: .:: FTSE 100 6,832.76 5,729.70 +1.80 864.58 845.40 +2.25 Stock Exchange 23531 22933 42.61 MIBTEL .. 4,092.92 4,013.28 +1:08 CAC 40 ... SX 16 4,13295 4,018.85 42.84 1,491.10 7.483.51 .40.50 4,745.34 4,649.69 +2.07

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Very briefly:

• Lufthansa AG, Europe's second-largest airline after British Airways PLC, said 1998 pretax profit would rise more than 21 percent, to more than 2 billion Deutsche marks (\$1.1 billion) from 1.65 million DM in 1997.

• The German state of Bavaria plans to spend up to 2 billion Deutsche marks to subsidize and attract high-technology companies to what is increasingly becoming the Germany equivalent of Silicon Valley.

 Bezeq Israel Telecom approved a government program to sell at least another 20 percent of the company in a public offering or direct sale to investors. The government currently holds about 54 percent of Bezeq.

· Matthias Hohner AG, the maker of harmonicas, posted a loss of 13.1 million DM for the 1997/98 business year and said it would ask shareholders to approve sweeping restructuring

 Billiton PLC said it would buy back up to 10 percent of its issued share capital. The announcement sent the company's shares up more than 9 percent. Rewers, Bloomberg

Carlton to Buy Digital-Disk Maker

LONDON -- Carlton Communications PLC, the world's largest video manufacturer, agreed Wednesday to buy the compact and digital disk maker Nimbus CD International Inc. for about \$264 million.

The acquisition will bolster Carlton's Technicolor unit as the leader in making and selling movie videotapes and the newer digital video disks for Hollywood studios. Nimbus, which also makes audio compact disks, CD-ROMs and DVD-ROMs, will expand Technicolor's position in North America and Europe.

High Low Close Prev.

WORLD STOCK MARKETS 2.44 6.71 8.60 2.50 5.54 5.58 34.60 3.85 5.60 10.87 5.18 Wednesday, June 17 257 *** 443 *** 445 *** 1015 *** 244 *** 255 * 950 1025 7150 7150 2100 2375 3650 2200 1175 1225 1050 1100 15700 16025 2200 2450 7500 7625 3900 4075 2950 3000 Daily prices in local currencies. 950 7300 2025 3725 1225 1300 14900 2225 7800 6475 3625 3000 4130 4285 4000 22900 24200 23100 5700 6000 5600 13950 14400 13400 10750 11400 10400 10450 11391 10200 131400 32950 33810 21000 224000 20000 4250 33800 20000 4250 33800 40000 4250 4250 40000 3380 5750 25400 42250 26150 13025 10260 2500 7750 6950 4100 3000 Northern Rock Northern Wholen Wholen Wholen PAGO Pearson PowerGen Pearson PowerGen Provident Fen Pruderdid Registration of the Provident Fen Pruderdid Registration of the Power Section Page 12 to 12 5.7285 5.7285 6.859 6.859 7.546 7.54 3550 9720 25850 44300 26850 13400 10550 ABN-AMRO Aegon Aegon Anoid Alzon Mahel ASM Utho. ASM Verz. 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ASIA/PACIFIC

Emergency Panel to Restructure Thai Corporate Debt

By Thomas Crampton
International Herald Tribune

BANGKOK --- Finance Minister Tarrin Nimmhaeminda of Thailand. warning that a severe cash crisis threatened the nation's economic recovery, said Wednesday that he would create an emergency panel to restructure Thai corporate debt "on

Prime Minister Chuan Leekpai said earlier at a meeting of international business executives that the shortage of working capital was his country's greatest economic difficulty.

"If this problem is not addressed, it may result in the closure of many businesses and worsen the unemployment situation, which may lead to other political and social con-sequences," Mr. Chuan warned.

We must ensure that the real sector is provided with more liquidity so that they are able to continue with their business activities," he

Mr. Tarrin said in an interview that he would announce the creation within the next few days of an emergency body to referee negotiations domestic creditors.

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'With this we're talking about a mechanism that will handle debt restructuring on a grand scale," he said. "We don't have an hour to

gone bad and that the vast majority of them require restructuring. A spokesman for the Thai Banker's Association praised the plan, but analysts said that raising new capital would remain the banking system's crucial problem, even after debts were renegotiated.

Foreign creditors of South Korean and Indonesian companies have met to discuss the restructuring of debt, but creditors of Thai companies have never organized any largescale debt discussions.

The Thai plan differs from what happened with South Korea and In-donesia, Mr. Tarrin said, since it will concentrate on restructuring domes-

International Monetary Fund bailouts in Asia have focused more on foreign debt, although much more credit is extended within national banking systems. Debt of Thai domestic commercial banks stood at 4.56 trillion baht (\$105.46 billion) in March, according to the Bank of Thailand, compared with about \$86 billion in foreign debt.

"Thailand's foreign creditors are between Thai companies and their customers," Mr. Tarrin said. "I am enhancing the domestic side." He a neutral body to solve the problem impediment is still the lack of capadded that many Thai banks did not of restructuring debt; the private ital," said Mark Reading, director have the knowledge and experience to restructure debt.

Sírimas Watanachoti, deputy secretary-general of the Thai Banker's solving the fundamental problem. Analysts estimate that up to 40 Association, welcomed the governpercent of loans in Thailand have ment's initiative, saying, "We need move but the system's single largest



already working out plans with their Chuan Leekpai stressing businesses' need of capital Wednesday.

sector cannot do it alone.

of corporate finance and restruc-While analysts also praised Mr. turing at Price Waterhouse Ltd. Tarrin's plan, they said it fell short of "Banks will remain reluctant to write down loans until they have a

"This will be a constructive larger capital base. Created in consultation with the have no money," Mr. Tarrin said.

eration of Thai Industry and the Thai Chambers of Commerce, the debt restructuring organization will bring creditors and debtors to the same table where experts will help to determine asset values and assist in renegotiating loan terms.
"We are now stuck in a non-per-

forming loan trap," Mr. Tarrin said.
"Banks don't make loans because they are afraid they will be nonperforming. therefore the number of companies with nonperforming loans rises, putting the economy in shambles, in-cluding the banks themselves."

The finance minister said the government would not be directly involved in any private sector nego-

"The government should not get involved because it would become a political issue," he said.

To stimulate debt restructuring. Mr. Tarrin said, the government was studying a variety of tax breaks.

The current regime discourages debt restructuring by counting writedowns as taxable income for borrowers and, in some cases, not allowing a tax deduction for the lender,

Another area for tax revision is in the transfer of surrendered collateral. When a title deed is transferred from a delinquent borrower to the bank, taxes can reach 6 percent for the transaction, he said.

'These transaction costs come when both the bank and borrower

Investor's Asia Hong Kong Hang Seng Singapore Straits Times 1200D 17600 17000 🙌 10000 16400 accor 1 15800 15200 8000 7000 J F M A 1000 I F M 14600 Exchange Wednesday Prev. index 8,004,35 7,526.45 +6.35 long Kong Hang Seno 1,107.70 1,048.96 +5.60 Singapore Straits Times 2,549.30 2,524.90 +0.97 Sydney All Ordinaries Tokyc Nikkei 225 14,715.38 14,720.38 -0.03 455.64 Kuala Lumpur Composite +6:02 Bangkok 272.94 257.44 Secul 280.00 +8.50 Composite Index 303.81 Talpel Stock Market Index 7,456.38 7,404.27 +0.84 Manila 1,716.18 1,726.55 -0.60 Jakarta 399.51 Composite Index 419.44 Wellington NZSE-40 1,999.59 1,970.21 +1.49 3,400.95 3,161.08 +7.59 Bombay Sensitive Index

Very briefly:

حكذا من الاصل

· Long-Term Credit Bank of Japan Ltd..., Japan's second largest credit bank, dismissed as "groundless" rumors of financial problems that wiped out nearly a fifth of its market value in stock trading. The bank insisted it was not in any financial trouble and denied rumors it was having problems redeeming its bonds.

• Cisco Systems Inc., the U.S. computer network maker, plans to invest \$100 million in China to recruit senior managerial staff and boost cooperation with communications service providers, the Xinhua news agency said.

• India will allow foreign companies to own 100 percent of power projects worth less than 15 billion rupees (\$355 million), the Ministry of Power said. Until now, foreign companies could control only 74 percent.

lators said they would review the South Korean government to take • Air Canada said in Hong Kong that it planned to open talks with Air China about a possible partnership to get access to the mainland Chinese market. Air Canada said it had no plans "Its failure means the collapse of to acquire a stake in an Asian airline.

> • Japan's 64 regional banks posted their first-ever loss as a group in the year ended March 31 as they wrote off loans that borrowers were unable to repay, the nation's regional bank association reported.

> Tokyo-area office buildings became more profitable as investments in 1997 for the first time in six years, as demand for office space increased, a report by Sumitomo-Life Research Institute said.

 Mitsui Fudosan Co., Japan's largest real estate developer, narrowed its losses by 28 percent in the financial year ended on March 31 as it disposed of fewer unprofitable assets.

 Indonesia's rupiah sank close to a record low as the dollar rose to 17,000 rupiah on selling by investors, currency dealers said. They said investors neglected the relative stability in the region as the Japanese yen strengthened.

Mazda Motor Corp. of Japan and Ford Motor Co. in Taiwan said they agreed to jointly promote Mazda car sales and distribution in Taiwan.

Bloomberg, AFP, Reuters

Philippine Air Seeks Debt Relief

MANILA - Philippine Airlines said Wednesday that it would seek official permission to suspend debt payments and warned that more employees could be laid off if a rehabilitation plan fails.

The carrier, with an estimated \$2 billion in debt, has fired more than 600 striking pilots and about 5,000 cabin and ground crew after the pilots' union crippled its operations on June 5 to protest a cost-cutting early retirement plan.

The Philippine National Bank said it would give the airline more time to repay its loans to help the national flag carrier avert financial collapse.

The strike has severely curtailed the airline's operations.
(AFP, Bloomberg)

Microsoft Deal in Korea Sparks Protest on Web

Agence France-Presse
SEOUL — Bill Gates, the head of Microsoft Corp., faced an angry campaign Wednesday by South Korean website users demanding a revocation of his ambitious wordprocessor project here.

Mr. Gates was called a "colonizer" on the local networks, which have been swamped with protests over his plan to push out a leading Korean-language word processor programmer.

The campaign began Tuesday, when Microsoft announced that it had agreed to inject up to \$20 million into Hangul & Computer Co. on the condition that the South Korean company stop sales of its word-processing software, called Hangul, the name of the alphabetic script in which Korean is written.

Hangul & Computer's head, Lee Chang Jin, said the deal with Microsoft was inevitable because of

crosoft's equity participation, Mr. Lee promised to withdraw from the \$14 million market.

The Hangul software has enjoyed great popularity since its introduction in 1989, capturing an 80 percent market share.

But the program failed to generate said. profits for the first time last year, edge of bankruptcy this year. The main cause was rampant piracy among South Korean users of wordprocessing software.

Microsoft will acquire 19 percent of Hangul & Computer. Microsoft offers a Korean language version of its own word-processing program, Microsoft Word. The U.S. software giant agreed

to stay away from management, reflecting its concern over a backlash from South Korean consumers. But Mr. Gates came under fire, and South Korean antitrust regupossibility that Microsoft had violated a fair-trade law.

"We will intervene if the deal is aimed at dominating our market by expelling Hangul & Computer," a Fair Trade Commission official

The deal sparked an angry redriving Mr. Lee's business to the action among the approximately 2 million users of four domestic online services,

"Let's safeguard our pride and software industry against the Mi-crosoft onslaught," said Lee Hyong-Bok, who started an on-line petition Tuesday.

Within hours, the petition had attracted more than 1,000 supporters. "We need an all-out fight against colonizers," said a supporter of the petition who was identified only by his code name, "Naivian." "This is a matter of our pride and survival."

action to extend a lifeline to Hangul

South Korea's software industry,' the petition said. "Microsoft must give up its attempt to take over Hangul.' The software division of Samsung Electronics Co., the South

Korean semiconductor manufacturer, vowed to prevent Microsoft from dominating the domestic mar-"The market share of Microsoft's

Word in Korea will be determined by our marketing strategy," a Samsung official said in an interview with the Seoul daily The Korea Her-

"We will expand our market share not by resorting to patriotism, but by developing our product," he

GM: Can the Success of Plants in Brazil Be Transplanted to U.S.?

Continued from Page 11 that are needed. GM's oper- makers' assembly plants in and managers eating together

laid off 71,700 workers. In the course of expanding overseas. GM has discovered efficiently than in the United

States. That has been particularly true in Brazil. The differences in GM operations start with the shape ing to the UAW about buildshaped or T-shaped in Brazil. side as long as several foot-ball fields. The advantage of

more of a vehicle. Toyota has been asking its suppliers for years to deliver partially assembled sections of cars, and the practice dramanically reduces the number of assembly plant workers

the company's 13-year-old joint venture to build cars with Toyota in Fremont, Calithat it can operate far more fornia. But many of the GM managers from that joint venture have gone on to Brazil, including Mr. Hogan.

GM has been quietly talk-

of the factories: They are L- ing a Brazilian-style factory with lots of loading docks in while GM's factories in the the United States. The com-United States still tend to be pany is also trying to expand gigantic squares, with each the role that outside suppliers play even at existing American factories with few loadthe Brazilian design is that it ing docks. Other automakers offers more exterior walls for are undertaking similar exloading docks, which allows periments, including Volksoutside suppliers to produce wagen AG at one of its Brazilian factories and Mercedes-Benz AG at factories in France and at a non-union factory in Alabama. Ford and Chrysler are moving in the same direction.

But while American auto-

ations in the United States the United States are entirely and with GM providing exof parts. GM has temporarily have been slow to learn from unionized, most suppliers are tensive information to the not, and that upsets the UAW. workers about how each seg-The suppliers' employees do ment of an assembly line is not pay union dues and com- doing in terms of productivity morely earn one-third less and safety.
than the \$20 an hour paid to A few GM factory man-UAW members.

According to Mr. Shoemaker, one of the many thorny issues in the Flint strong caste system in which UAW workers.

GM's labor contracts efcompany has tried for years to slowed. But GM continues to avoid replacing workers who invest heavily there, contend-retire, and will have even less ing that the market is growing incentive to hire new workers and the Brazilian operation's as it copies the Brazilian mod- efficiency should be rewarel here. That alarms UAW members.

agers have taken the same approach in the United States, but many factories retain a

ded.

GM's factories in Brazil have also embraced Japanese American factories, includlabor practices, with workers ing those struck in Flint.

strike has been GM's desire to white-collar and blue-collar have metal stamping equip- workers stay apart while ment there maintained by out- managers provide little inforside contractors instead of mation to assembly line workers. GM's high profits in Brazil fectively bar it from dismiss- have suffered this year as the ing UAW workers. But the country's economy has

contrast, GM has Βv

delayed investments in some

ECONOMY: U.S. Boom Years May Be Ending, Economists Warn

Continued from Page 11

annual rate of 1.530 million units, down from 1.541 million in April and the lowest monthly total since last November. Analysts said that while low mortgage interest rates had helped keep the the economy's growth this

always hard to be sure the change significantly, espe-cially when it has been performing so well. 'The U.S. economy keeps

apparent drain from foreign trade, the real economy, especially demand, continues to hum. Domestic demand is likely to be as strong in 1998

as it was in 1997. "It is difficult for econeconomy to slow sharply later in GDP growth, we will still this year, as the full impact of have a strong domestic econthe Asian downturn arrives omy. here and inventory accumulation slows from its recent

quarter of 1999, DRI predicts GDP growth of 1.7 percent. L. Douglas Lee of HSBC

Washington Analysis is another economist projecting much slower growth in coming quarters, and like Mr. Wyss he draws a distinction between growth of domestic housing market solid, this demand - that is, consumer part of the economy was not spending, business investgoing to contribute much to ment, housing construction, and government purchases of goods and services - and the

David Wyss, an economist rate of increase in GDP. at DRI/McGraw-Hill Inc., a GDP is the total of go GDP is the total of goods forecasting firm, said it was and services produced in the United States. When the trade economy's pace was going to deficit is widening, as it has been largely because the Asian turmoil has reduced demand for U.S. exports, it means that a larger share of the goods and services bought rolling along," Mr. Wyss the goods and services bought said. "Despite an ever more in the United States are pro-

duced abroad. Mr. Lee said GDP growth was likely to be at no more than about a 1.5 percent rate in the second half of this year because "it is becoming obvious that Asia is causing our omists to be appropriately trade deficit to get bigger, and dismal in these circum-that is going to continue stances," he continued. But, through the rest of the year. he added, "DRI expects the But even with the slowdown

The American economy

torrid pace." For the final three quarters continued its excellent perof this year and the first formance into this month,

with employment high and in-flation low, despite scattered Southeast and Southwest nomic turmoil, the Federal Reserve Board said, The Associated Press reported.
"Employment levels are

high and labor markets tight the report said. in most areas," the central bank said in its so-called "tan book" survey of regional conditions. economic "Prices of goods are largely

much of the Midwest and on raise interest rates.

spillover from Asia's eco- were experiencing "somewhat more modest growth.' Seven of 12 districts made specific note of effects "from economic problems in Asia.

The report, named for the color of its cover, was compiled from reports submitted to the Fed's district banks before June 8. It will be used when monetary policymakers It said growth was "quite meet next — on June 30 and strong" in the Northeast, July 1 — to decide whether to

JAPAN DYNAMIC FUND

SICAV 69, route d'Esch - L-1470 LUXEMBOURG R.C. ILIXENBOURG B-21694 Shareholders are kindly invited to attend the

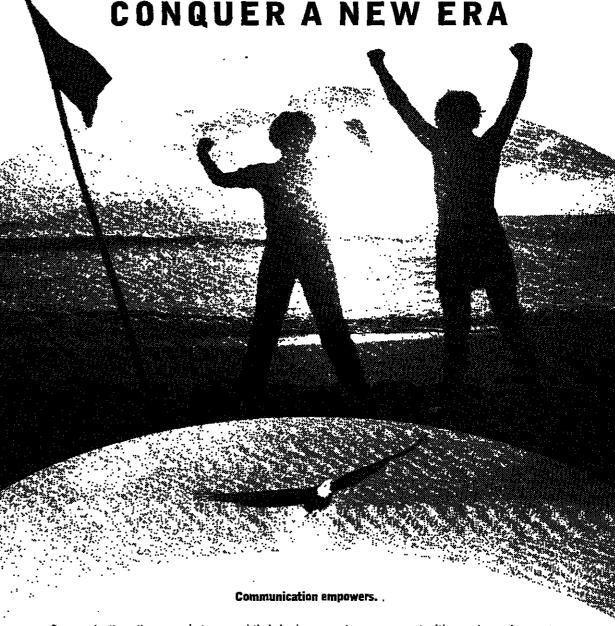
ANNUAL GENERAL MEETING of shareholders of our company which will be held at the registered office of Banque Internationale à Luxembourg, 69, route d'Esch, Luxembourg, on June 26, 7998 at 3:00 p.m. with the following awends:

on of the Reports of the Board of Directors and of the nucependent Auditor;
Approval of the Statement of Net Assets and of the Statement of hanges in Net Assets for the year ended as at March 31, 1998;
Allocation of the net results;
Discharge to the Directors;
Statutory Appointments;
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The shareholders are advised that no quorum is required for the items on the agenda of the Annual Coneral Meeting and that decisions will be taken on a simple majority of the shares present or represented at the Meeting with no restrictions. or represented at the meeting with no restrictions. In order to attend the meeting, the owners of heaver shares will have to deposit their shares five clear days before the meeting at the registered office of Banque Internationale a Lovembourg, 69, route d'Each, 1-2953 Lovembourg.

The Board of Directors



Communication allows people to expand their horizons, capture new opportunities, and exercise greater degrees of freedom and choice. Sonera, the former Telecom Finland, works with clients to achieve these universal aspirations.

Our new name may seem unconventional for a telecommunications company, but these are unconventional times. The power of communications is dismantling barriers and building knowledge. Companies can serve markets more effectively and work with partners more efficiently. Virtual marketplaces are helping businesses and customers find each other more easily. We are all becoming connected in new and dynamic ways.

Today, 8000 Sonera employees help clients implement these new realities with innovative platforms for voice, data and media communications. Combined with Sonera's leading operator know-how, these solutions help companies penetrate new markets, increase productivity, and offer more choice to their

Empowering people to communicate more freely, boundlessly - independent of time or place. That is the ultimate goal of Sonera. A future we build with each new day.



SONERA CORPORATION, P.B. BOX 608, FIN-00051 SORERA, www.sonera.net

INTERNATIONAL HERALD TRIBUNE, THURSDAY, JUNE 18, 1998

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INTERNATIONAL

'New Breed of Tough-Minded Technocrats May Be China's Best Hope

By Steven Mufson

ZHENNING, China — On a drizzly morning in March, Lou Jiwei's chauffeured black Audi threaded its way past horse-drawn carts, rickety pickup trucks and peasants on foot. It wound through fields bursting with yellow flowers of rape plants until it came to the Red Star factory nicked behind one of the jagged limestone hillsides.

Mr. Lou, who was then deputy governor of Guizhou Province, surveyed the aging plant, sniffed the sulfur byproduct in the air and went over the chemical processes with the factory manager. Wearing gold wire-rimmed glasses, a jacket and tie, and an off-white trench coat, Mr. Lou also cross-examined the

meet-and-greet by a provincial politico or Communist Party hack. Mr. Lou wanted to talk about transportation costs, competing manufacturers, the relocation of laid-off workers and the fine points of mer turned economist, this the company's balance sheet. protégé of Prime Minister Over a cup of tea and cig- Zhu Rongji has played a

CHINA The Next Generation FOURTH IN A SERIES

Roosevelt, Mr. Lou drawing up plans for a dotions the factory must meet two-year stint as deputy gov-before it can be allowed to sell ernor in Guizhou, one of shares to the public.

"If you make a mistake on my turf, don't come running to me to solve it," he told the factory manager. "But if something is wrong with the his promising career. manager about international way my province is run, I'll markets and delivery prices.

bled Communist Party, the and expert," although in reality Mr. Mao favored the prototype for a generation of technocrats rising through the former. But as the party's deupper ranks of the governvotion to Marxist and Maoist ment. A computer programideology has waned, talent in running China's increasingly sophisticated economy has become more important. educational background matters more than

arettes he smoked through a pivotal role in the overhaul of cigarette holder like Franklin China's tax system and in ence, but he is educated, cosmopolitan and competent. He said. spelled out stringent condi- mestic bond market. After a did his economics graduate thesis on general equilibrium theory. As Guizhou's deputy China's poorest provinces, he governor, he could recite evwas recently elevated to the post of deputy minister of fi- kiwi fruit to the cost of elec- his trusted aides around the nance. Many expect it to be tricity, and he knew how a just another steppingstone in state-owned company cooks its books as well as how the When Mr. Lou was young, international economic crisis the Communist Party chairmight affect a landlocked

> one of the "third-line" military factories that Mr. Mao hid in remote areas, is on the front line of economic overhaul. Aiming at international markets, the company now produces a powder used in the manufacture of television screens. The old military factory managers have surrendered control of Red Star, and the new managers want to raise money through a stock offering. During his visit, Mr. Lou said that before selling shares the company had to

Mr. Lou, 48, represents the man Mao Zedong said he best hope for China's trou- wanted cadres who were "red ufacturing parts into Guizhou in Guizhou, too, he said, wagging his finger. Finally, it had to disclose all its debts and its plans for dealing with the 1,200 laid-off workers.

ne plant manager appeared to appreciate Mr. Lou's sophistication, although Mr. Lou did not promise him the public listing be ground maners are good class background.

Born in 1950, Mr. Lou has in-law who doesn't understand you, you hate her instead of respecting her," he

Respect, if not affection, is what most Chinese feel toward Prime Minister Zhu and governor, he could recite ev-erything from the price of trust. Mr. Zhu has dispersed country and throughout the bureaucracy, giving them key posts in provinces, ministries and the central bank. The effect has been to broaden their experience and help them

That is why Mr. Lou build political contacts. trekked here. Red Star, once When Mr. Lou was When Mr. Lou was dispatched to Guizhou in October 1995, he had never set foot there before. "In Beijing, you deal with hunsaid at the end of one 14-hour day. "There, if you do In Beijing, the work is mentally taxing, but here it's tion Hunger, physically demanding." In a type

hysically demanding." In a typical week in Mr. Lou normally would Guizhou, he also met with not attend a benefit soccer army detachments and local show a profit of \$6 million a game, as he did in Guiyang party members. He dined year and a profit margin of 30 one afternoon. His name with Japanese environmenpercent. It had to bring man-boomed out on the loud-talists to win concessional private investors in future activist.

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dreds of millions of yuan, here with a million," Mr. Lou Jiwei, a new breed of technocrat, examining a proposed highway site in China's Guizhou Province.

hard, you can save a million. alent of \$25 into the contribution box for Opera-

something right, you can save speakers to the packed sta-millions. Here, if you work dium as he stuffed the equivects. He woold some investors, while others he weeded out. One American aluminum company offered to invest if it received a onethird discount on energy costs for its smelter, Mr. Lou rejected the offer, noting that it

After lunch at Red Star, Mr. Lou's next stop was an abandoned military plant where he heard a pitch by a private businessman who wanted to use the site to make gelatin.

The entrepreneur, who built a large beef jerky company, wanted the government to build a small reservoir so he will have a water supply and a place to dispose of waste water. He also hoped Mr. Lou would help him get the endorsement of the provincial planning commission, which would make it possible for him to get bank loans. Mr. Lou gazed over the fields that would be covered by the reservoir and asked whether the entrepreneur had any idea what he is doing in this new

The entrepreneur said he had recruited a French marketing expert and lined up second-hand German equipment. Because gelatin is made from cattle bones, the entrepreneur said, he has plenty of raw material. "I would like to help them

because they've worked hard to get where they are, and they're really producing something," Mr. Lou said later in his car. "Whether it's a private entrepreneur or a state-owned enterprise doesn't matter as long as it's adding value to what we have in Guizhou and making people's living standards bet-

would reduce incentives for Next: China's new kind of

> CHINA: Beijing Plays Own Card in G-7 Fashion

while there were no imminent plans to devalue the Chinese for Japan," Mr. Hormats yuan, it would be hard to hold said. the line unless international action were taken to bolster the sagging Japanese yen. A U.S. agreed to intervene in devaluation of the yuan, most currency markets "was that economists agree, could have the yen was getting danger-had highly damaging con-ously close to the 150 mark. sequences both in Asia and as which is where some Chinese far afield as Wall Street by had indicated a devaluation of triggering another round of financial turmoil.

"Last week," said Robert Hormats, a former U.S. fi- fluence over the decision by nancial official and now a partner at Goldman Sachs International in New York, "I was getting clear signals from senior Chinese officials that if it the yen hit 150 to the dollar, ing the overall Asian financial they would be forced to devalue the yuan.

146 yen and approached the for the United States. 150 level, "the U.S. Treasury

administration official who lid on the dollar." might devalue.'"
When asked Wednesday

about reports that China had ing to Mr. Courtis, was that she to the pressure to de "there is a contradiction in value its currency in response" U.S. policy, under which the to the weakening yen, Mike Americans proof China had in arranged we may have to consider the question of whether to make adjusting the contradiction in which the to the weakening yen, Mike Americans proof China had a arranged we may have to consider the question of whether to make adjusting the contradiction in the weakening yen, Mike Americans proof China had a arranged we may have to consider the question of whether to make adjusting the contradiction in the weakening yen, Mike Americans proof China had a arranged we may have to consider the question of whether to make adjusting the proof of the proof to the weakening yen, Mike Americans urged China not to Japanese currency had already McCurry, the White House devalue, but appeared to have had "major negative effects have been before some of the pan." The United States, he things that we've been discussing in the last few minutes." Mr. McCurry added that "the president has noted approvingly the attitude Chinese authorities have on the yen was jeopardizing taken with respect to the the stability of Asia." Chinese currency.

Mr. Hormats stressed that Chinese pressure alone that persuaded Washington to intervene, and he suggested that a.grateful Japan would probably also offer stronger comdeputy finance ministers precedented pressure to fol-

Continued from Page 1 from G-7 countries meet in Tokyo this weekend. "This intervention was not a freebie

> Yet, he contended that one of the key reasons why the the yuan might be likely."

The Chinese, Mr. Hormats added, "exercised a lot of in-Washington to intervene."

While the prospect of leaving the Japanese yen to slide further was by itself disturbing because it risked worsencrisis, the risk of an ensuing Chinese devaluation would Mr. Hormats said that as have carried heavy financial the Japanese currency went to and political consequences Mr. Courtis said that for ports.

became significantly con- days "China has been trying to send an unambiguous mes-In Washington, a Clinton sage to Washington to put a

talking up the strong dollar. China's complaint, accord-

pokesman, said, 'That may a hands-off policy with Jaadded, "could not have the president arrive in Beijing and hear from the Chinese as the first item of business that Washington's lack of action

Many bankers and analysts believe that the devaluation did not think it was of the yuan, which is also known as the renminbi. would constitute a nightmare

scenario. It would trigger a new round of competitive devalumitments to clean up its bank- ations throughout the region, ing sector problems when put Hong Kong under un-

low suit, prolong the overall Asian crisis by as much as a year, and produce highly damaging reactions in financial markets that could spread as far as Wall Street.

"It would be a really serious hit to key world markets, including Wall Street," said David Roche, president of London-based analysts Independent Strategy.

Apart from behind-the-

messages, senior scenes Chinese officials also made strong public statements about the need for action to bolster the yen. On Wednesday, even as the

U.S.-Japanese market intervention was taking place, a senior Chinese official issued Beijing's first explicit warning that Beijing might be forced to consider a devaluation of the yuan if the sliding Japanese yen were to cause a major drop in Chinese ex-

China's vice-minister for foreign trade, Sun Zhenyu, told Reuters Wednesday that if the Japanese yen's deprespoke on condition of an"The Chinese wanted ciation "puts large pressure output, conceded earlier more pressure on Japan," he on foreign trade and exports. this week that "everybody said," and they wanted Treas- or if there is a large fall in hère is worried that China ury Secretary Rubin to stop foreign trade and exports, then I am afraid we may have

on Chinese exports" and he cited textiles, food and industrial products in particular.

Mr. Roche said the key challenge now facing China's leadership was to maintain enough growth, including export income, to help pay for the financially and socially expensive costs associated with the government's farranging restructuring of stateowned enterprises.

"In the meantime," Mr. Roche said, "China is earning lots of brownie points from the United States because by holding the line on devaluation it is seen to be behaving

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MARKETS: U.S. and Japan Bolster the Yen

Continued from Page 1

South Korean stock indexes posting strong gains. Analysts said the U.S. change rate in a fairly narrow band — perhaps between 135 and 145 to the dollar — until Mr. Hashimoto announces more definite reform plans,

probably next month during a meeting with Mr. Clinton. This is a very healthy initiative, very opportune," said C. Fred Bergsten, director of the Institute for International Economics, in Washington. In the short run, this heads off the risk of a very major

Asian crisis. I think it will He said he hoped other wealthy nations would join in the support of the yea. Regardless, Mr. Bergsten said, he thought the U.S. action would buy foreign-exchange market stability long enough for "Japan to get motivated and take the measures

Gregory Fager, director of the Institute of International Finance's Asia department, called the intervention "extremely positive for the international community, and particularly for the Asian region, which is very close to a Mr. Hashimoto's new prom-

Mr. Bergsten and others aid that the short-term benefits of U.S. intervention would fade if Japan failed to ollow up with credible and ubstantial moves to fix an conomy plagued by bad ank loans, deflation, recordhigh unemployment and de-

"For this to have a lasting

Ethridge, director of currency analysis for Standard & Poors MMS in New York, "the markets have to perceive that move was welcome, and necessary political changes should at least buy time, sta- are taking place in Japan bilizing the yen-dollar ex- and that will take some

> But Mr. Fager said be felt confident that Mr. Hashimoto would follow up on his assurances to Mr. Clinton.

> "I would be very sur-prised," he said, "if the United States government took this action without a very firm commitment that Japan would follow through with real changes in policies."
>
> Mr. Hashimoto said he welcomed the intervention

> and said Japan realized that the revival of its economy was "urgently needed." "We will make every effort," he said of the economy,

"to restore its banking system to health, to achieve domestic demand-led growth, and to open and deregulate its mar-

All are goals long pushed by the Clinton administration, but U.S. officials say the Japanese response to date had been tepid and unpersuasive. In a statement, the Treasury

secretary, Robert Rubin, pointedly noted that the U.S. sales of dollars were directly tied to very severe downward spir-al." rasnimoto's new pron ise to fix Japan's problems.

"We look forward to implementation of a comprehensive action program that will create the conditions that are essential for a healthy and prosperous economy," Mr. Rubin said. Mr. Rubin had sent mixed

signals last week, at first

telling a Senate committee that

said David ing his comments to say that intervention was an option. That prompted speculation

Wednesday that the ultimate decision to intervene had a strong political element to it, coming just ahead of Mr. Clinton's visit to China. "I think it was the White

House, not Treasury, that decided to intervene," said Takanobu Igarashi, senior vice president of the Sanwa Bank in New York. "China had exerted strong pressure both on Japan and the United States, saying that unless they moved to stop the yen's weakening, they would de-

Earlier Wednesday, a senior Chinese official had issued Beijing's first explicit warning that a continuing fall in the yen could force China to devalue the yuan.

"If the change in the exchange rate puts large pressure on foreign trade and exports, or if there is a large fall in foreign trade and exports, then I am afraid we may have to consider the question of whether to make adjust-Sun Zhenyu, ments. China's vice-minister for foreign trade, told Reuters.

Such a Chinese move, while making Chinese goods more competitive with those of Japan, its largest export market, would have pressured other Asian currencies to follow suit in a new round of devaluations even more damaging than those that began a

year ago in Thailand. Some economists said that China, which has \$140 billion in foreign-exchange reserves and a healthy trade balance, was under no pressing need to devalue. It might simply be there would be no U.S. in- looking for a way to end its notervention, then later amend- devaluation policy, they said.

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World Roundup

Red Wings Sweep to 2d Consecutive Stanley Cup

Embarrassing Loss For Venus Williams

TENNIS Venus Williams suffered a stunning upset on her 18th birthday Wednesday when she was routed, 6-2, 6-1, by Natasha Zvereva of Belarus at the Direct Line Championships, a Wimbledon warm-up tournament at East-

Playing in a cold, blustery wind, the fourth-seeded American had trouble adapting her game to the grass that had been removed from the old No. 1 court at Wimbledon and transported to Eastbourne. Williams rarely came to the net

and was repeatedly outplayed by Zvereva, a doubles specialist, who mixed up her game and took the pace off the ball with a heavy slice. In the final game, Williams double-faulted and then sent a forehand soaring over the baseline on

match point to end a dismal performance. Williams's younger sister, Serena, fared better. She reached the quarterfinals by beating the No. 8 seed, Ai Sugiyama of Japan, 6-2, 7-5. She will face No. 3 Arantxa Sanchez Vicario, who beat Tarnarine Tanasugarn of Thailand by

The top-seeded Jana Novotna advanced with a 6-2, 6-2 victory over a French qualifier, Nathalie Dechy, while No. 2 Steffi Graf eased past Samantha Smith of Bri-

Pioline Is Disqualified For Cursing at Umpire

TERMIS Cedric Pioline, the runner-up at Wimbledon last year, was kicked out of the Nottingham Open on Wednesday for cursing at the chair umpire.

The French player was trailing Scott Draper of Australia, 6-3, 1-1, and was down 0-40 in the third game of the second set when he was ejected for "verbal abuse."

ATP Tour officials said Pioline used a strong four-letter word in arguing a call with the umpire, Pedro Bravo. "I don't remember what I said to the umpire." Pioline said, "but when you get fed up you don't send flowers - you're not happy.

A Poignant Moment, as Trophy Is Paraded by Fallen Teammate

By Joe Lapointe New York Times Service

WASHINGTON -- First, his Detroit Red Wing teammates placed the Stanley Cup — its base filled with 2,225 names, including his own —on his knee. Then they got behind Vladimir Kon-stantinov's wheelchair and gave it a

STANLEY CUP FINALS

gentle push to begin a slow parade of triumph across the ice before thousands of cheering fans.

Every spring, the tournament championship of the National Hockey League is celebrated with a procession around the rink, but none has included such poignant joy. There was a wide smile on Konstantinov's face, a fat cigar in his hand, a team hat on his head, a red jersey on his chest and tears in many

Konstantinov, a star of the Red Wings' championship team last spring, suffered severe brain damage last June, six days

"A year ago, we were told these guys might not live," Detroit's captain, Steve Yzerman, said. Giving Konstantinov the cup first, Yzerman added, 'was the appropriate thing to do.'

The Red Wings won, 4-1, on Tuesday night over the Washington Capitals at the MCI Center, sweeping the final round of the tournament in four consecutive games. Last season, they won in four over Philadelphia.

after Detroit won its first cup after a 42year drought. Also seriously injured in that limousine accident was Sergei Man-

atsakanov, a team masseur. The injuries

and the recovery of the two men provided

an undercurrent of an emotional and

ultimately, successful season.

In the last four seasons, all the Cup finals have ended with four-game sweeps. The Wings are the first team since the 1992 Pittsburgh Penguins to win two consecutive postseason cham-

Yzerman didn't get any goals or assists on Tuesday night. Two goals were scored by Doug Brown, and the others were by Martin Lapointe and Larry

Murphy. Sergei Fedorov had two assists. But Yzerman, who led the tournament with 24 points, won the Conn Smythe trophy as its most valuable player. Also taking a bow was

Scotty Bowman, who won his eighth cup as a coach tying his former mentor in Montreal, Toe Blake — to go with one other earned as a front-office executive in Pittsburgh. At the age of 64, Bowman said he was not sure if he would return next season to try to break the record.

It's going to be a tough decision," he said. "I've got to leave some time." As most members of his

team did, Bowman spoke of Konstantinov. "Everyone knows what it was for," Bowman said. "That's what we all wanted to do. We knew he was at the game. We had a tough season, getting troit defenseman, who suffered brain dam- over the accident. Everybody age in an auto accident last year, taking the Stanley Cup from Steve Yzerman, the MVP. said, 'We're not going to let those guys down.'



Susan Walsh/Thr Associated Pre

Olaf Kolzig, the Capitals' goalie, getting a face full of ice as he battles Detroit's Kirk Maltby in the second period.

Konstantinov sat in a private box about 20 rows up from the net that the Wings shot at for the first and third periods. During a timeout early in the third period, he stood up with help to acknowledge the cheers of the fans, many of whom chanted: "Vlad-die! Vlad-die! Vlad-die!"

Although it was a road game for the Wings, the building was filled with thousands of fans clad in red-and-white Detroit colors. The Wings are a core franchise from the National Hockey League's early era, and many of their Michigan-bred fans have migrated

across the nation. When Konstantinov stood, the players on the Detroit bench took notice and acknowledged him by tapping their sticks on the ice.

Fedorov, one of the so-called Russian Five who led Detroit to its championship last season, spoke of the emo-tion. "When I saw Vladdie on the ice, I couldn't believe my eyes," Fedorov said. "He was a happy kid."

Fedorov spoke of the destruction of Konstantinov's ability to process information and how he worried if Konstantinov would grow weary quickly. He knelt down beside him and talked

softly.
"I said, 'Vladdie, are you a little tired?' "Fedorov said. "He said he was. I said, 'You sure?" He said, 'No, I'm not sure."

At this point, Fedorov said he noticed Konstantinov waving his hand, signaling two fingers for two Stanley Cup championships. Satisfied that his friend was in fine form, Fedorov left to join other areas of the celebration.

Bowman spoke of how Konstantinov's Russian teammates - Fedorov, Slava Fetisov, Igor Larionov and Slava Kozlov - kept track of his and Manatsakanov's progress. "There wasn't a day that went by that

they didn't phone," Bowman said. Those four in particular felt such a

part of them." Noting that the Red Wings have five

Sweden. Bowman said: "Our Europeans have really integrated; that's what makes a team.

This was the only game of the series that did not end in a one-goal decision. Chris Osgood, the Detroit goalie, stopped 30 of 31 shots and said he had no hard feelings to fans or journalists who questioned his abilities after he gave up remarkably soft goals in each of the four rounds. "I don't hold any grudges," he said.

The Capitals, who made their first appearance in the finals in their 24-year istory, made the game close only briefly, in the second period, when Brian Bellows cut the Detroit lead to 2-1.

Ron Wilson, their coach, explained why he stayed on the bench to watch the Red Wings celebrate.

"I'm a fan of hockey," he said. "You want to see the Stanley Cup up close and dream that next year it's going to be our team holding it above our

Els Nurses Sore Back and Desire to Defend U.S. Open Title

By Leonard Shapiro Washingson Post Service

SAN FRANCISCO — Ernie Els played an 18-hole practice round and said afterward that he would try to defend his U.S. Open title despite a sore back that "is not 100 percent, obviously."

"It is not the way you really want to feel like playing in a major tournament," Els said Tuesday, "but I am defending this week. It's a lot better than it was Thursday, but it's still

a day-to-day thing." Els, 28, withdrew from the Buick Classic in Westchester, New York, problems before, and had been given a series last week after playing nine holes in the first round. He since has been treated by Tom Boers, a physical therapist, who also works with Fred Couples and Davis Love III, both of

The Vladimir Konstantinov, the former De-

whom have had back problems.

Els said he was told that a combination of too much time in airplane seats as well as hitting too many balls on the practice range and spending too much time on his feet Kemper Open two weeks ago and that his playing golf contributed to his back spasms

of exercises to strengthen the muscles in his lower back.

"Last Thursday, I could barely swing through the ball and today I could feel it, but the pain was a lot less," said Els, a two-time Open champion.

On the subject of sore backs, Tiger Woods said he was fine after pulling out of the back is "100 percent."

One of the more intriguing qualifier stories involves Ken Peyre-Ferry, 49, a New Jersey club professional, who got into the field after years of trying and now faces a dilemma. His only son, Kenny, who works as an assistant pro to his dad and will carry his bag this week, is to be married Saturday, the third round of the tournament.

Chances are that Ken Peyre-Ferry won't make the cut after the first two rounds. But if he does, Kenny, 23, has told his father that he wants him to stay and play.

Braves Don't Recognize Their Old Friends, the Marlins

Sometimes it takes seeing the Florida Marlins in person to realize just how different they've become. That's what happened to Denny Neagle on Tuesday night in Atlanta. He pitched a four-hitter to help Bobby Cox become the winningest manager in Braves history as Atlanta beat Florida, 7-0, in the first meeting between the clubs since last

onship Series. "I don't mean to make fun of that team, but when I got to the park and

season's National League Champi-

inning, highlighted by Ryan to tie it in the bottom half.
Klesko's grand slam, and handled Mark McGwire, who le the decimated Marlins easily.

lead the last-place Marlins by 26½ weekday crowd of the season games, showing just how far Florida has fallen since last season, when it hast Atlanta is the last of the season when it hast Atlanta is the last of the season. has fallen since last season, when it beat Atlanta in the league cham-

Florida only has one starter — the that defeated the Braves.

two stints as the Atlanta manager,

BASEBALL ROUNDUP

breaking the record set by Frank Selee between 1890 and 1901, when the franchise was in Boston.

Cardinals 9, Astros 4 In Houston, looked at the lineup card, I almost Gary Gaetti hit a three-run homer laughed." Neagle said. He improved to 8-4 on the season.

Atlanta scored six runs in the first a four-run first, but the Astros rallied

Mark McGwire, who leads the majors with 31 homers, went 0-for-3 The NL East-leading Braves now with two walks before the largest

mondhacks 5, Reds 1 In Cinshortstop Edgar Renteria — and cinnati, Omar Daal set an Arizona eight players from the 25-man roster record with nine strikeouts and the record with nine strikeouts and the Diamondbacks got another fran- Oakland beat the host Rangers. Cox now has 1,005 victories in chise first — victory No. 1 on artificial turf.

Mote 2, Expos 0 In Montreal, Al Leiter pitched a five-hitter for his fifth career shutout and lowered his Texas has lost five of six. earned-run average to 1.53, the best

in the National League. owers 11, Cubs 2 Brad Woodall held the Cubs scoreless into the seventh inning, had three hits, walked non-losing series at 24. once and scored twice as Milwaukee By winning the first tw

won in Chicago. Padres 10, Dodgers 6 In San sured the Yankees of not splitting or Diego, Ken Caminiti hit a go-ahead, winning a series for the first time two-run homer in the sixth inning since opening the year with two and Carlos Hernandez added a straight losses at Anaheim. three-run double in the seventh against his former team as San Diego won its eighth straight.

unts 5, Rockies 3 in San Fran-

In the American League: Athletics 9. Rangers 7 Ben Grieve

homered in his first two at-bats as Grieve hit two-run shots in the first and second innings to help the A's take a 6-0 lead. It was the fourth

victory in five games for Oakland. Orioles 2, Yankees 0 In Baltimore,

Sidney Ponson (1-4) and Arthur Rhodes combined on a two-hitter to end New York's record streak of

By winning the first two games of the three-game series. Baltimore assured the Yankees of not splitting or Roberto Alomar homered

Hideki Irabu (6-2) and Lenny Webster had three hits for Baltimore. cisco, Rey Sanchez's two-run single go, Pedro Martinez fanned 11 in straight decision.

pionship series before winning the run, pinch-hit homer capped Phil- in the seventh helped the Giants seven innings to take over the AL World Series. adelphia's seven-run ninth. snap a five-game losing streak. lead in strikeouts and Reggie Jeflead in strikeouts and Reggie Jefferson hit a two-run homer.

Martinez (8-2) raised his strikeout total to 124, passing Seattle's Randy Johnson, who has

Indians 9, Royals 1 In Cleveland. Manny Ramirez homered and drove in six runs, and Bartolo Colon (6-4) pitched his league-leading fifth complete game.

Devil Rays 4, Blue Jays 3 Toronto's bullpen blew a victory for the second straight night as Miguel Cairo's run-scoring RBI double capped host Tampa Bay's three-run

ninth-inning rally off Randy Myers.
Twins 8, Tigers 5 In Detroit, Pat Meares's two-run single put Minnesota ahead to stay in the sixth inning. Ron Coomer hit a three-run homer in the seventh.

Angels 3, Mariners 2 In Anaheim Jason Dickson (7-4) allowed two Red Sox 6, White Sox 1 In Chica- runs in seven innings to win his sixth

SCOREBOARD

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3-year contract.

DALLAS—Released DL Tony Tolkert.

BALLAS—Released DL Tony Tolkert.

BALLAS—Released DL Earry Brown to 2-year and WR Scottle Graham to 1-year contract. Signed DE Ben Williams and DL Emile

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French Police Hold 3 **In Cup Ticket Fraud**

Police investigating World Cup ticket fraud have arrested three people, including a consultant working for the French affiliate of ISL Worldwide, FIFA's official marketing partner.

Police on Wednesday named the consultant as Gilles Favard, and said he had been arrested Tuesday evening at his home in Rueil-Malmaison, just outside Paris, where officers found a large sum of money and 100 World Cup tickets. They said Favard's sister had also been detained, along with another man suspected of involvement in nicket fraud.

The police investigation was opened after thousands of fans from Japan, Germany, the Netherlands and elsewhere arrived in France for the World Cup finals only to find that tickets they had paid for were (Reuters) missing.

Hooligans Are Bad PR

English soccer could lose an \$82 million sponsorship deal and fall out of contention to be host of the 2006 World Cup because of the actions of its soccer hooligans.

Phil Carling, the commercial di-rector at the Football Association that runs English soccer, said English soccer might suffer.

"If you were a marketing director considering the main English sponsorship and had watched the news reports you'd have second thoughts," he said. (AP)

Marseilles Bars to Open

Marseille bars said they would not shut early this weekend when the Dutch play South Korea in the city. The local government ordered early closing following violence by English fans Sunday and Monday.

Paul Schianchi, president of the trade association, said: "It's out of the question we shut. We are not going to be made the scapegoats of the state's inability to keep hooligans under control." (AP)

 Two German fans were sent to prison for three months for assaulting police officers Monday before the Germany-U.S. World Cup match in Paris, police said. (AFP)

Playing for Time?

Vujadin Boskov, a Yugoslav assistant coach, has told striker Dejan Savicevic to decide whether he can or cannot play.

injury is completely healed." said Boskov. "I think the problem is somewhere in his head. There's some sort of brake in there, and I cannot understand that he might not play in what could be his (Reuters) last World Cup.

 Zvonimir Boban pulled a calf muscle in training and could miss the match against Japan on Sat-urday said Miroslav Blazevic, the Croatia coach.

Quote/Unquote

The mantle of history-maker sits comfortably on my shoulders." - Robbie Earle, who scored Jamaica's first ever goal in World Cup finals in their defeat by Croatia.

"Many of the big coaches are afraid to play the beautiful game. The most important thing for them isn't to play to win, but to play not

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WORLD CUP BRIEFS The Mystery Behind Asprilla's Dismissal Are Bitter Comments the Only Reason?

By Rob Hughes International Herald Tribune

ONTPELLIER, France — In soccer, as in life, a sense of time and place is vital.

Faustino Asprilla, the Colombian forward who has quite often forgotten the basic rules - and yet left us breathless with his nonconformity and brilliance was thrown off his team by the coach for the remainder of this World Cup on

He could conceivably be back. There was a report in the evening that he had bounded a plane bound for Bogota via Miami. But there was also a rumor from Bogota that the president of the nation, no less, was messaging the team's coach

VANTAGE POINT

to say what amounts to the following: Colombia needs Asprilla! Sort it out! Before that, the forward was apparently sent on his way not because his form is awful. Everyone knows that Asprilla can go from miserable to mag-

nificent in a second. Nor was he being kicked out because he committed a heinous foul; players who have done that are still in the tournament, even though Sepp Blatter, the FIFA president, laments that referees are

not protecting stars from crude fouls. No. no. no. Asprilla was dismissed because he opened his mouth after being substituted five minutes from the end of Colombia's disappointing 1-0 defeat against Romania in Lyon on Monday. 'Faustino excluded himself," de-

clared Hernan Dario Gomez, the Colombian team's coach, on Wednesday. "He broke the rules by speaking the way he did to a journalist. He is still a friend, but the rules apply to him."

As Gomez spoke after the team's training session in La Tour du Pin, Asprilla was sulking languidly in the background. The player is known as "The Octopus" for his long, slender limbs and for the bewilderingly rubbery way he moves them to do the unexpected and win the unwinnable match. But he is still a child in the body of a 28-year-old.

There are many such players. For example, it was unpredictable, childlike improvisations that made Romario the most valuable player at the 1994 World Cup. Asprilla, in his infuriating fashion, is, or was, Colombia's Romario.

So, what did Asprilla say that was so wounding? Gomez won't repeat it. "It hurt me." said the coach. "I don't like to put people out, it's against my will." The unrepeatable comment was made

to a radio journalist who Asprilla knew too well to turn away with a "no-comment." The gist of it was that he was unhappy being substituted and felt that others who had become "untouchwere playing worse than he.

Tino Asprilla is a difficult man to defend. He carries a baggage of misbehavior and misdemeanors. But unless there is some hidden agenda, the word "untouchables" seems to be the key.

Asprilla meant one untouchable in particular: Carlos Valderrama, the 36year-old captain who plays his soccer in semiretirement for Miami Fusion in the United States. Valderrama, a veteran of more than 100 national-team appearances, has dominated a whole generation of Colombian soccer with his precise passes and his deceptive stride.

But think back to 1994, when the unfortunate Andres Escobar, the fellow whose own-goal gave the United States victory and sent the whole Colombian team home, was shot and killed. There, behind all our speculation on happenings in the Colombian camp, is the

terrible warning.
We know that members of the Colombian team received death threats before this tournament began. We also know that Gomez was the assistant to Francisco Maturana at the last two World Cups, where he saw his friend, his boss, suppress as best he could personal reactions to menacing faxes and phone calls.

For those of us who are not involved, it is difficult to comprehend such pres-sures. What if the current threats concern Asprilla's place on the team?

Listening to what the Colombians themselves say, one Colombian anyway, is intriguing and doesn't take us very far. 'It does not weaken the team," said Valderrama, referring to Asprilla's absence. "Now it gets strengthened. When we're all here, we're all necessary, but when we're not here, none of us is essential.'

After the Romanian defeat, Gomez said: "The team went onto the pitch very timidly. There was no spontaneity, a lot of the players were nervous."

Spontaneity is the forte of Asprilla. His fiery combustion can go either way. His replacement in those last five minutes, Leider Preciado, seems willing but doesn't have the track record of Asprilla: 15 goals in 38 games for Colombia before this World Cup.

"I don't know if I'm going to play, Preciado, 21, said Wednesday. "Bu A boy scout, ever prepared, may not be a total replacement for Asprilla's

often wild, always unpredictable, certainly spontaneous and sometimes beautiful instincts. You take a chance when you select

such an oddball, but you don't keep him on the sidelines because, when you wounded his pride, he made uncomplimentary comments about it. That doesn't add up, so we wait for the truth, if ever it comes, from Colombia.

Before coming to France, Asprilla said: "In the U.S.A., we were among the favorites, but went out We are less anxious this time. I don't think we can play as poorly again. We may not qualify for the second round, but we will try to leave a good image.

The image, like Asprilla in motion, is a little hard to nail down just now.

Rob Hughes is Sports Correspondent of The Times of London.



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Italy Rides Cameroonian Storm

Vieri Scores Twice to Cement 3-0 Azurri Victory in a Rough Match was fortunate to see a yellow card when

MONTPELLIER, France — Christian Vieri scored twice in the last 15 minutes Wednesday to give Italy a flat-tering 3-0 victory over Cameroon.

The Italians moved into a strong position to advance to the second round by gaining the first victory in Group B. The group's other three matches had ended

The late goals took Vieri's tally in Italy's two games to three, making him the joint top scorer in the tournament alongside Marcelo Salas of Chile. The goals also helped conceal Italy's struggles in the second half.
Playing against 10 men, Italy nev-

ertheless struggled to quell Cameroon. The undermanned Africans pressed for most of the second half, but although several shots went close, they could not

The first half had been quite different. Cesare Maldini had added Francesco

ITALY 3, CAMEROON O

Moreiro, a winger, to his team, giving it a more attacking shape and attack it did, right from the start. After nine minutes Roberto Baggio curled a precise cross onto the forehead of Luigi Di Biagio who headed the opening goal.

Italy, playing without a single Juventus player for the first time in eight

years, launched a series of attacks. Jacques Songo'o, the Cameroon goalkeeper, twice thwarted Vieri.

As the Cameroonian players struggled to stem the Italian attacks they committed a series of fouls.

Pierre Wome received a yellow card in the 7th minute. Then Pierre Njanka

he plowed into Baggio from behind, but two minutes from halftime Edward Lennie, the Australian referee, sent off Raymond Kalla Nkongo after he planted all his studs on Di Biagio's thighs.
In the second half, Italy slid back into

old habits and fell back into defense allowing its opponents to launch attack after attack. As the Cameroonians began to run out of energy, Vieri destroyed their hopes.

stroyed their hopes.

Taking a pass from Moriero, he chipped the ball over Songo'o to make the score 2-0. Then when Wome failed to clear the ball, Vieri muscled past him to score again. "We had a very bad start tonight," Leroy said. "We tried to play well, but we didn't have many opportunities having only 10 players on the tunities having only 10 players on the pitch."
(AP, AFP, Reuters)

Late Goal (Yet Again) Saves Austria said Nelson Acosta, the Chilean coach.

SAINT-ETIENNE, France - Austria again saved itself with a goal in the dying seconds Wednesday.

Ivica Vastic produced a curling shot two minutes into injury time to secure a 1-1 draw against Chile in a World Cup Group B match. Toni Polster had scored in the 90th

minute to earn Austria a 1-1 draw against Cameroon in its opening "All we can do in these situations is

to keep on plugging away and in the end it paid off, 'said Vastic. In its first match, Chile led Italy, 2-1, with five minutes to play when Roberto

Baggio scored with a controversial pen-

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"I do not know what to say, why we have to suffer through things like this,"

"I do not know what happened, can't

On Wednesday, Marcelo Salas put Chile ahead in the 70th minute. It was his third goal in two games and made him the top scorer in the tournament.

The draw meant both Chile and Austria have two points from two games,

CHILE 1, AUSTRIA 3 though Chile leads Austria because

has scored one more goal. Austria must play Italy in its final match while Chile will face Cameroon.

Chile dominated the rest of the game and constantly threatened to score a second goal. Instead, Austria scored when Vastic picked up the ball on the edge of the penalty area and swung his

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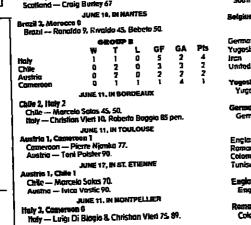
shot round a knot of defenders and just inside the far post. About 20 minutes earlier Chile were

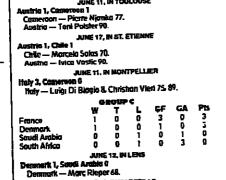
awarded a free-kick on the left of the penalty area. Ivan Zamorano leapt above two defenders to head powerfully toward the goal. Michael Konsel, the Austrian goalkeeper, parried the bouncing ball, but Salas scurried in to poke the ball into the goal with his knee. Konsel caught the ball and quickly pushed it back over the goal line, but Gamal Ghandour, the referee, was not fooled, despite Konsel's protests.

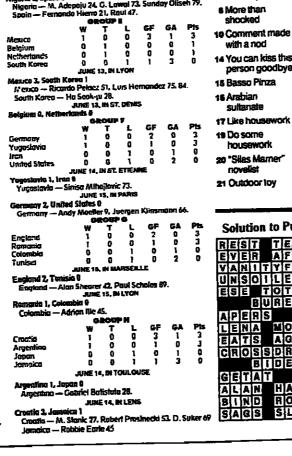
Chile's strikers dragged the Austrian defenders around for most of the match. One of them, Peter Schoettel, received an almost inevitable booking on 25 minutes for a clumsy challenge on Salas. Salas was booked after 58 (AP, Reuters) minutes for dissent.

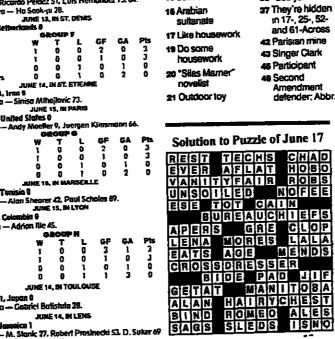
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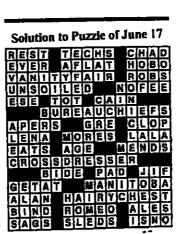


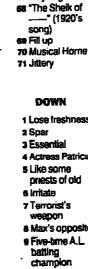












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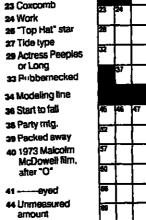
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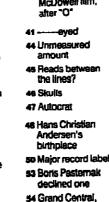
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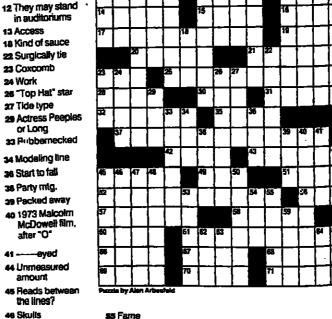
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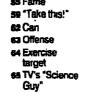
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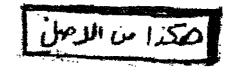


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Commission and past



in a Rough Malch

2-1 victory in the opener against Scotland, when the Brazilians were rescued by an own goal by a Scottish defender. We entered the field with a better attitude tonight," said Mario Zagallo, the coach, who has been part of all four Brazilian World Cup titles. "We were a more happy, more joyful, more efficient team tonight, and I am happy to see a smaller team play such interesting foot-

By George Vecsey
New York Times Service

NANTES, France - Ronaldo keeps falling behind his quota of goals for this

World Cup, but now it is official that he

will have at least two more games in

Quite ambitiously, in his statements before the World Cup began, the Brazilian star had aimed toward the

World Cup record of 13, an admirable

BRAZIL 3, Motocco O

project for a seven-game tournament.

Tuesday night he scored his first, as Brazil defeated Morocco, 3-0, to be-come the first team to qualify for the

After being held out of the 1994
World Cup championship at age 17,
Ronaldo feels he has some catching up

to do. His first goal was dedicated to his

mother, Sonia, and he has announced

that he will dedicate his second to his

father. Nelio, and the fourth to the moth-

In these days of tightened defenses, a

glut of 13 goals is hardly likely, but at

least Brazil got untracked after the tight

which to increase his output.

second round.

of family and friends.

There was an air of anticipation for this game because Morocco plays an open style under the French coach, Henri Michel. One of its best players is El Moustafa Hadji, 27, who plays for La Coruna in Spain.

"If I had seen him play without knowing what nationality he was, I would have sworn he is Brazilian," Aldair, the veteran defender, had said. This was high praise indeed for Hadji, who said he decorates his 5-year-old son's room with photos of Ronalde. who is 6 years younger than Hadji. "Our soccer is very technical, like that of the Brazilians," Hadji said.

The Moroccan and Brazilian fans had formed a bond in the ancient streets of Nantes, and particularly on the sandy artificial beach installed behind the Ca-

thedral of St. Peter and St. Paul. The rapport did not carry onto the field, with rocco playing a physical game, committing 25 fouls to Brazil's 12. In the first half, Said Chiba raked his cleats rather gratuitously along Ron-

aldo's left thigh. Later, somebody ripped the right side of Ronaldo's shorts. However, grabbing at his clothing could not hold back the highly paid star from Inter Milan. In the ninth minute, Ronaldo turned

on the speed and tapped the ball into the goal. Brazil scored again just before halftime when Rivaldo knocked it softly into the goal from close range.

Three minutes into the second half, the Moroccan defender Abdelilah Saber was sloppy dribbling up the field, and Ronaldo burst on him with lethal purpose and stripped him of the ball. Then Ronaldo evaded Youssef Rossi and slid a pass to Bebeto, who surely would have resigned from the sport if he had missed, which he did not

Ronaldo Starts Quest

Brazil Breezes to 2d Round as Morocco Wilts

"I believe we were disturbed by the ball movement by Brazil," said Michel, who was making a homecoming, having played all his career for the Nantes club. By beating Michel, the Brazilians ex-

orcised a bit of ancient history. In 1986, Michel was the coach of France in a victory over Brazil in the World Cup, when Zico, known for his cannonball shois, missed a penalty kick. Zico is now an adviser to the Brazilian team. Start spreading the sand in front of Notre Dame for the artificial beach soc-

cer field. As the winner of Group A.

Brazil will play in the round of 16 in Paris on June 27. But first the Brazilians must play Norway on Tuesday in the third game of this round, which has an impact on other teams, as Michel noted, "because Brazil must beat Norway" for Morocco

to get through.

The Brazilians will not have their powerful defender, Cesar Sampaio, who picked up his second yellow card Tuesday night and must sit out the Norway fiancée, Susana Werner, the third to his er of his fiancée. In case he should match the World Cup record, set by the Frenchman Just Fontaine in 1958, Ronaldo has already filled out the entire list

The Brazilians are always a good bet to score goals, any time, anywhere. And Ronaldo has his dedications to fulfill.



Jurgen Klinsmann, left, who is back in sparkling form after struggling last season, training with his Germany teammates in Nice on Wednesday.

But There Are Other Great Strikers...

Washington Post Service PARIS - Not since Maradona came along in 1982 has a World Cup debut been as anticipated as that of 21-year-

old Ronaldo. Ronaldo has the speed of Michael Johnson at least at a short distance, and the feet of Fred Astaire. Ronaldo weaves through traffic like a French taxi driver, eliminating defenders with a dip of a shoulder or quick turn. The ball t seems attached to his toe. Little wonder then that this World Cup was declared Ronaldo's long before the kickoff.

In two games against modest opposition, Scotland and Morocco, the shaven-headed, gap-toothed Ronaldo Luiz Nazariio de Lima has matched his billing. He scored one goal and created another Tuesday against Morocco.

But Ronaldo is not the only striker in the world, although the attention he has gotten sometimes makes it seem so. It could be that Germany's Jurgen Klinsmann, Argentina's Gabriel Batistuta and Italy's Roberto Baggio might be nired of hearing about Ronaldo - and they are positioned, if they have great good fortune, to take the Cup away from

Alan Shearer of England, Marcelo Salas of Chile and Dennis Bergkamp of the Netherlands might share those feelings. But Shearer and Salas lack the supporting cast to challenge Brazil, while Bergkamp is hurt and the Dutch have been so star-crossed for so long they almost need a realignment of heavenly bodies to contend for the Cup.

Klinsmann, Batistuta and Baggio all have played major roles in World Cups, although Ronaldo, in addition to his natural talent, at least has been to the show even though he didn't get to perform. As a 17-year-old he observed

NO, A DOG'S JOB IS TO EAT

Vantage Point / WILLIAM GILDEA

from Brazil's bench four years ago in the United States when Romario starred up front with Bebeto and Brazil won their unprecedented fourth Cup on a shootout against Italy. Baggio, who led the Azurri to the last game, by then had been injured and played well below

Klinsmann and Germany won the Cup in Italy in 1990. But Klinsmann, 33, has been slowed by injuries and, people thought, age. He surprised with his play against the United States, displaying plenty of energy in his running. He set up one goal with a header and scored the

other in the 2-0 victory.

He looked happy during the game, and after it when he said: "I felt great right away. I felt like taking the initiative, and I'm really glad I scored a goal. That goal was the culmination of all the hard work I put in over the last few weeks."

Batistuta possesses the ability to lead Argentina out from the shadow of Maradona, whose drug use speeded his decline. Batistuta scored for Argentina in its 1-0 opener against Japan, but Yutaka Akita, who marked him, claimed not to have been that impressed. 'Batistuta did not move so much and he was not as crafty as I had expected," Akita said.

It was true that Argentina, the dark horse of this tournament, played only an average game against the World Cup newcomer and Batistuta never seemed likely to match his hat trick in Argentina's 1994 opener against Greece. As Baristuta said: "You have to win before anything else." He knows: The World Cup is a marathon. And Batistuta

gave every indication that he's ready to

When Argentine writers pressed him as to which club he might play for next season, he changed the subject. He has something else on his mind, if taken at his word.

"It would be spectacular," he in-terjected, "if I could be the top scorer and win the World Cup with Argen-

As for Baggio, he exudes the steadiness needed by Italy, sometimes shaky under pressure over the years. His is an attitude that comes with having almost

reached the mountaintop.
"I'm calm and confident," Baggio said after scoring once to Salas's two goals in Italy's opening 2-2 draw with

Even though Salas scored once more against Austria on Wednesday, to date it's still Ronaldo's World Cup.

"He's beginning," said a Brazilian official after Ronaldo's game against Morocco. His goal came after he had been held scoreless in three internationals - a drought for him.

"Who knows, one day he may be remembered as the greatest footballer ever," said Mario Zagallo, the Brazil

Watching Ronaldo suggests how hard it is for a goalkeeper to stop the likes of the great strikers. Although he never played against a Ronaldo or a Klinsmann or a Baggio, the Frenchman Albert Camus was a goalkeeper before

he became a philosopher and writer. "I learned that the ball never came to you where you expected it," he once said. "This helped me in life."

England Soccer Prodigy Awaits His Big Chance

By Steven Goff hington Post Service

PARIS - Somewhere in the world, a soccer prodigy is born every year. There's usually an amazing story about a five-goal game and about offers from deep-pocketed European clubs. Comparisons to Pele, who at age 17 raised the World Cup trophy in 1958, are inevitable. Fame and fortune seem so certain, but such expectations are seldom realized.

Now along comes Michael Owen, who is 18. Even those who thought they knew better than to get caught in the hype of another can't-miss kid are bening to believe he is the real thing.

He is the youngest player to wear the colors of the English national team this century. Already under immense pressure to restore England's winning tradition after the team failed to qualify for the 1994 World Cup, Coach Glenn Hoddle is hearing the emotional pleas from the public and media to throw Owen into the starting lineup.

At the moment, it doesn't appear Hoddle will make the bold move. Indications are that the coach will stick with the striking tandem of captain Alan

win the striking tantem of capism Atlan
Shearer and veteran Teddy Sheringham
for England's second World Cup match,
Monday against Romania in Toulouse.
In England's 2-0 opening victory
over Tunisia on Monday in Marseille,
Shearer scored the first goal and Sheringham played adequately before yield. ingham played adequately before yielding to Owen for the final 15 minutes.

'I want to be in the starting 11," Owen said last week. "I wouldn't say I'm really confident. Teddy and Alan have proven very successful for England, but I still have a chance. I think I am ready. It has got to the stage now where I just want to get out there and show people what I can do."

He already has shown a lot. Owen is the all-time leading scorer in England's schoolboy leagues, having scored 97 goals in one season to surpass the pre-vious record by an astonishing 27. Terry Owen, a former pro player with Everton, a Liverpool-based club which was, and is, in England's top division, realized his son was something special when, as a 6-year-old, he was playing in

the youth leagues around Hawarden, near the Wales border.

We'd go and watch him play at the mini-club with boys who were a lot older than him," Terry Owen has said. "He'd put the ball in the corner of the net, side-footing it in, and I thought, 'Bloomin' 'eck, what have we got 'ere?' 'Soon, Michael Owen was selected for

the under-18 national team and had joined nearby Liverpool. His first season with the club's top squad began last fall. His ambition was to play in 12 games and score a few times; instead, he entered 42 and tied for the league lead with 23 goals. It earned him player of the year honors and caught the attention

of a startled soccer world.

Said Sir Geoff Hurst, hero of England's only World Cup championship, in 1966: "His pace is electric and he frightens defenders."

Said Pele, who scored two goals in a World Cup final at 17: "Owen is ready for the World Cup. If he is good enough, he is old enough.

How young is he? Asked if he had any memories of England's run to the semifinals in the 1990 World Cup in Italy, Owen responded: "I don't have any. I

was sent to bed before the matches started." Owen has made seven appearances for the national team, debuting in February during a 2-0 loss to Chile at Wembley Stadium. Five minutes after

entering, his right-footed blast just missed the target. In the final stages of preparation for the World Cup, England defeated Morocco, 1-0. Owen scored — with a right-foot shot - making him the youngest player to do so for the national team. Hoddle

heard the "Start Owen!" cries again. 'His development has been outstanding." Hoddle said. "He's a young player, and young players need time. Michael Owen has a bright future before him.

Owen's maturity and will to succeed are as impressive as his bursts through opposing defenses. Owen said that a striker must believe he can score because that is what he is there to do, That's the way I am, and if I get the chance, I can cause problems and score against anybody."

South Africans Seek a First Against Danes

mark vs. South Africa. Tou 5:30 P.M. South Africa needs a lot of firsts to advance to the second round of its first World Cup, including a first victory over a European team.

The Africans were humbled, 3-0,

by France in their World Cup debut while Denmark eased past Saudi Arabia, 1-0, to join France atop Group C. That means Denmark virtually ensures itself a second-round berth if it beats South Africa, which must win to retain a realistic hope of advancing.

The Danes are led by Manchester United's Peter Schmeichel, considered one of the world's best goalkeepers, and brothers Michael and Brian Laudrup.

Brian Laudrup said he expected South Africa to be "physical and ag-

"It's do or die for them," he said. "They will have to come out and play, which suits us perfectly because I think we are one of the best sides in the world on the counterattack.'

South Africa is still looking for its

first World Cup goal, let alone a victory. Banned from international soccer for 28 years until 1992 because of apartheid, it has since been unable to defeat any European nation. Striker Phil Masinga of South

Africa may miss the match with an injured ankle, leaving the scoring onus on Benni McCarthy. France vs. Saudi Arabia, Saint-

Denis, 9:00 P.M. A defeat for the Saudis would almost certainly rule them out of the second round

"It's a match where we could easily trip up," said Aime Jacquet, the French coach. "I expect the Saudi team to play it very tight bunched up in their own half but ready to make sudden breaks using the skill of their forwards."

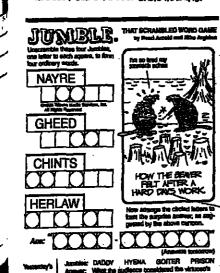
France will miss starting forward Stephane Guivarc'h with a knee injury and is unlikely to field fellowstriker David Trezeguet, still recovering from a minor ankle strain.

Carlos Alberto Parreira, the Saudi coach, said he was likely to field largely the same side that played against Denmark. (AP, Reuters)

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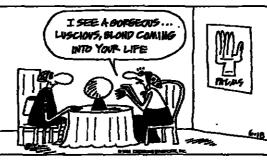
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Mergers and Crumpets

WASHINGTON — fee of \$300 million. Livelong offers \$4 billion to Greased recent mergers than meets the Lightning (half in junk bonds eye. Take Grove Corners and half in junk). Wall Street Greased Lightning Co., the investors insist Greased most successful greased

lightning manufacturer in Kansas. It has been there for 100 years and employs 2,000 dedicated citizens of Grove Corners. Livelong Insurance

Bochwald Co. of Philadelphia has been looking for a company in the Midwest to

Its bankers, J.P. Heartsick & Co., recommends Greased Lightning, not because it is the best investment but because, if they can conclude the merger. Heartsick will get a

American Composer Wins New Honor

New York Times Service NEW YORK — Already the recipient of the gold medal for music from the Na-tional Institute of Arts and Letters, the National Medal of Arts and two Pulitzer Prizes, the composer Elliott Carter has

received yet another honor. The latest is the Prince Pierre Foundation Music Award, bestowed by the Principality of Monaco and carrying a prize of 100,000 French francs, about \$16,500.

Carter, who turns 90 in December, was given the award for his composition "Allegro Scorrevole," commissioned by the Cleveland Orchestra, which gave it its premiere last year. The Prince Pierre foundation was created Figure 1 was a Yank more than 30 years ago by Prince Rainier III in memory of his father.

- fee of \$300 million. Livelong

Lightning should accept. The deal is made, and Livelong announces that Greased Lightning is a perfect fit for an insurance company, though costs will have to be pared to pay for the merger. The first thing the new management announces is that 1,000 people will be downsized.

Half of Grove Corners is out of work.

In a few months, Livelong is purchased by Spritzel Hot Chocolate Co. of Zurich, which supplies all the candy bars to movie theaters in Cali-

fornia, Texas and China.

When the Zurich brass study Livelong, they decide there are too many people working in Grove Corners, so they order the manager there to fire 1,950 people, leaving 50 in the factory.

Almost the entire town of

Grove Corners is on welfare, but it's no sweat for Spritzel.

The final blow comes when the London biscuit company, Her Maiesty's Crumpets, decides to take over Spritzel Hot Chocolate and merge it with Her Majesty's diesel engine division for \$10 billion.

Then a management con-Greased Lightning be moved to an Asian country that specializes in slave labor. Thus, Grove Corners closes the only factory in the area, and a company, they would have closed our sewing machine factory in Liverpool."

Welcome to Charleyville, a Princely Living Plan

By Warren Hoge New York Times Service

ORCHESTER, England — It was not the kind of headline that Prince Charles was used to in the British press. "The Prince Has Got It Right," trumpeted The Inde-

What prompted this hearty endorsement of someone the British seldom tire of tweaking was Poundbury, the new community springing to daring old life here. The planned town perfectly embodies the outspoken heir to the throne's views of modern architecture as owing a debt to the past.

Prince Charles's blunt expression of those attitudes in the 1980s started a public shouting match with the country's design establishment that attracted world attention. He taunted architects, saying that the Luftwaffe had treated London with more care than they had. They cast him as a feckless intruder into a refined world, with taste they classed as pedestrian, retrograde and fustian.

The crusading magazine he founded to advance his ideas, Perspectives on Architecture, folded in April, and the institute he created to instill students with more respect for tradition has had revolving-door lead-

ership and minimal impact. But here in the Dorset countryside, he may have hit on a way of redeeming his breath-taking claim that the country's architects were more out of touch with the desires of ordinary Britons than the future leader of the

famously remote British monarchy was. Poundbury is an attempt to create a 21st-century community that looks as if it grew up over time, with a long linger in the 18th and 19th centuries when this rural part of southwestern England — with its stone villages, thatched white cottages and twisting lanes —

inspired Thomas Hardy. Its 400 acres (about 160 hectares) will one day be home to 5,000 people living in houses and cottages of period design with stores and

offices all within walking distance. It takes some imagination to visualize all this from the 12 acres that have been developed. With 142 tidy new homes up, less than a tenth of its planned population to animate its streets and recently planted trees in their gawky adolescence, Poundbury can still strike a visitor as the freshly carpentered back

lot for the latest big-budget clogs-and-shawls setting of "The Mayor of Casterbridge." Built on land that the prince's Duchy of Cornwall owns, and designed by Leon Krier,



A view of Poundbury in Dorchester, a planned town designed by Leon Krier.

an architect from Luxembourg who is a as English as a vicar's tea party," the champion of traditional town planning, magazine Homes and Antiques said. A critic champion of traditional town planning, Poundbury is an ambitious project that is meant to change attitudes about building, nousing mix, traffic, energy savings, park-

ing, zoning and shopping.
With its first two sections nearing completion this summer, it is emerging as a pleasingly chockablock village of susticated stonework homes, meandering streets, alleys and mews, and market arcades and public squares. Street lanterns with ornamental caps hang from metalwork struts on the sides of buildings or on gently curving masonry walls, casting Poundbury each evening in a

soft play of light and shadow. Poundbury was derided as a kitschy time warp using a sentimental pastiche of out-moded styles and toy-town concepts when plans first emerged in 1989. In answer to written questions from The New York Times, Prince Charles wrote that he remembered "a torrent of criticism and abuse that was beyond all belief and amounted, over the years, to a continuous stream of 'knocking' stories in the press."

But the town has recently begun to gain favor with the writers, designers, architects, planners and backpacking day-trippers who swarm over the project in growing numbers. Cabdrivers now affectionately call the destination Charleyville.

'Over all, the effect is polite, elegant and

from The Financial Times wrote: "I arrived a skeptic. I left a convert."

In his response, which he penned in flowing red ink, Charles wrote that he thought opinion had swung around in the project's favor because "more and more people are going to look at Poundbury for themselves and finding it is completely different from the negative propaganda they have read about it."

Its residents have become its most vigorous advocates. "Try as hard as they can, the media cannot find many people in the local area to knock it," the prince wrote.

Paying particular attention to the one part of his architectural campaign that seems to be impressing people, he is a frequent and apparently welcome visitor.

He just sat down there on the sofa, took his boots off and nattered on like anyone else," said Diane Bryant, whose husband, Peter, is the head of the Poundbury Residents Association. "He wasn't patronizing at all."

The locals are even good-natured about the way all the visitors talk to them as if they were the stand-in blacksmiths and wig makers of Colonial Williamsburg. "I've been gardening, and people will walk up the path expecting us to be dressed in period costume, doing the Hardy bit," said Jennie Fellowes, a schoolteacher who lives in a happens elsewhere," he said, "would anyrented cottage with her I I-year-old son. Her one have uttered a word of criticism?"

home is one of 55 subsidized "social housing" units interspersed throughout the community; it is a source of pride here that these rental buildings are indistinguishable from

the privately owned homes.

Andrew Hamilton, the development director, said: "Our principle from the start has been to pepper-pot the social housing, scartering it through the development. Builders said: 'We can't build private houses next to social housing. They won't sell.' But we have proved that this is not true."

At the moment all 142 homes are sold and, Hamilton said, resale value has increased as much as 20 percent in three years. Plot sizes range from 1,500 square feet to 80,000 square feet. Every house is designed by an architect, and cannot be the same as any other in the vicinity.

Architects must work in the "vernacuwhich in the case of Dorset means, Purbeck marble and Portiand stone and a rich local vocabulary of brick, chalk, roof slate and stucco called "render." There can be no decorative tricks like half-timbering or gaudy ornamentation. The houses may look antique from the outside, but they have double-glazed windows, high-efficiency condensing boilers, extra insulation and computer-controlled energy-management systems to reduce fuel consumption.

All services — telephone, electricity, gas and drainage — are buried in channels behind and drainage—are puried in channels behind the housing; one large satellite dish hidden behind a high masonry wall serves the com-munity. All you will see protruding from a Poundbury roof is a stately brick chimney or a polished weather your. Houses stand from a polished weather vane. Houses stand flush with the street so that when you step from your front door, you're already in town.

The cost of houses ranges from \$95,000 to \$300,000 but a read to the rest of the

\$300,000, but even the most expensive stick to modest dimensions. To maintain firm control over the quality of the finished product, the duchy does not sell the land to the builder until the construction is done and

Asked whether he permitted himself to gloat over the welcome his once-derided project is now receiving, Charles made it clear that he was happy he hadn't followed an easier path. "If the duchy had sold the land to the highest bidder for several million pounds and then walked away to have a

PEOPLE

Hammer Falls on Newton's Work on Gravity

NEW YORK — A first edition of the revolutionary text in which Sir Isaac Newton outlined his theories of gravity and motion has sold for \$321,500

Newton's 1687 work "The Mathematical Principles of Natural Philosophy"

went to an unidentified buyer from Europe on Tuesday night. The book outlines

Newton's theories of the universe — including his belief that all bodies in space

are affected by gravity. It was one of about 3,000 auctioned from the collection

Albert Einstein called the work "perhaps the greatest intellectual stride that

of Haskell Norman, a San Francisco psychiatrist who died in 1996.

it has ever been granted to any man to make."

THE American Film Institute has announced the winners of a contest for the 100 best American films of all time. And the winner is . . . "Citizen Kane," Orson Welles's 1941 classic about the rise and fall of a media titan, made when Welles was only 25. The rest of the top 10 included, in order of ranking, "Casab-lanca," "The Godfather," "Gone With the Wind," "Lawrence of Arabia," "The Wizard of Oz," "The Graduate," "On the Waterfront," "Schindler's List" and "Singin' in the Rain." The 100 were chosen from a pool of 400 finalists selected by the institute. Ballots were then sent to 1,500 representatives of the film world, among them screenwriters, directors and critics. The institute established the contest to promote the first 100 years winning included historical significance, critical recognition and popularity as measured by box office, syndication, video sale and rental figures. Although some of the films are actually British, the institute said they were considered Amer-

ican if there was significant creative and/

or financial input from the United States.

The general director of the Spoleto Festival U.S.A. has been named the director of the Lincoln Center Festival on the eve of the summer program's third season. The new director, Nigel Redden, 47, who served as executive producer of the Lincoln Center Festival in 1995 and has been running it since January, replaced John Rockwell, who left then to return to The New York Times as editor of the Arts and Leisure section. The appointment places Red-

den at the helm of two of the leading American arts festivals. He will remain as general director of the Spoleto Festival in Charleston, South Carolina.

Yoko Ono says she's simply paying a karmic debt by promoting the artwork of John Lennon. One has created a touring exhibition of her late husband's drawings. "He used to promote my work like crazy, and now I can do the

same for him," she said. The exhibition consists of more than 100 pieces, including self-portraits. Some critics describe the work as mere doodling. But Lennon's work has remained popular with his fans. Paul Jillson, director of the tour, said he expected 12,000 people to see the show this week at a mall in

California.

Elvis Presley wanted to visit the FBI 28 years ago, but J. Edgar Hoover got some advice from an underling: Presley's "not the type of individual whom the director would want to meet.' Memos concerning Presley's FBI visit have been posted on the FBI's Web page on the Internet. They show that Hoover

it. "It is noted at the present time he is wearing his hair down to his shoulders and indulges in the wearing of all sorts of exotic dress," an FBI official, M.A. Jones, wrote in advising against a Hoover handshake with the king of rock 'n' roll. "I concur," Hoover wrote on the bottom of the page.



Everett Sloane, left, Orson Welles and Joseph Cotten in "Citizen Kane."



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